1907 — Business, Financial and Investment Counselors — 1930
"Over Twenty Two Years Of Service"



# The MAGAZINE of WALL STREET

ptember 20th 1930 C. G. Wyckoff PUBLISHER 35 Cents a Copy

## Bonds Headed for Higher Levels

By Russel Tayte

## Stocks That Have Paid Dividends for 25 Years

## Will Lower Rates Benefit Utilities?

By Francis C. Fullerton

Vol. 46 No. 11

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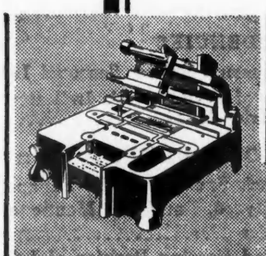

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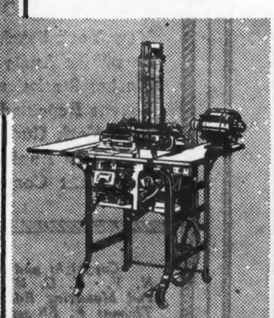

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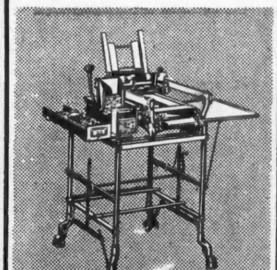

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Vol. 46 No. 11 September 20, 1930

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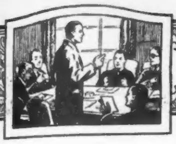

# WITH THE EDITORS

# Technical Position or Fundamentals

"HOW much weight should I accord the industrial position and prospects of a company and how much attention should I pay to the market's technical position, which is the more important?" asked our inquiring investor.

"Both are important," we observed, "but not to the same degree. Their relative importance varies in different types of markets. In the vigorous bull market of last year when stocks were rising out of all proportion to earnings, financial strength or industrial position, technical considerations overshadowed all others in the selection of issues. In fact, the only safe clue to the behavior of stock prices lay in the position of the market itself, the character and volume of demand and the question of whether stocks were being temporarily distributed or accumulated. This year the reverse is true. Caution has inspired both traders and investors to look on all sides of an issue before buying it. Rumors have less standing. Yield is important again. The result is, the whole market is in far greater accord with the investment principles than at any time during the past three years. Fundamentals rule in selection. Naturally, under these circumstances the techincal position of an issue or of the market as a whole is considerably subordinated by the more important industrial position. Indeed technical considerations are useful in the 1930 type of market only as indicating the most advantageous point of market entry."

"The investor then has to be nimble enough to decide when to give most consideration to the company's position and when to the market's condition," countered our questioner.

"With certain limits, yes," we replied. "Although the times when technical considerations overshadow the fundamental industrial position are far less frequent than when the reverse is true. If we were framing a general rule for an investor—not a trader—that would be useful the great majority of the time, we would say: 'Consider the industrial position of a company first, make your selection on the basis of fundamental merit and use the technical position of the individual stock and the market as a whole to determine the opportune moment for purchase or sale.'"

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### 1. Investment Opportunities in Low Priced Common Stocks

Stocks of sound companies—all dividend payers with a promising future. Selected by The Magazine of Wall Street's Staff.

### 2. How Far Can Business Go on Reduced Foreign Trade Rations?

BY THEODORE M. KNAPPEN

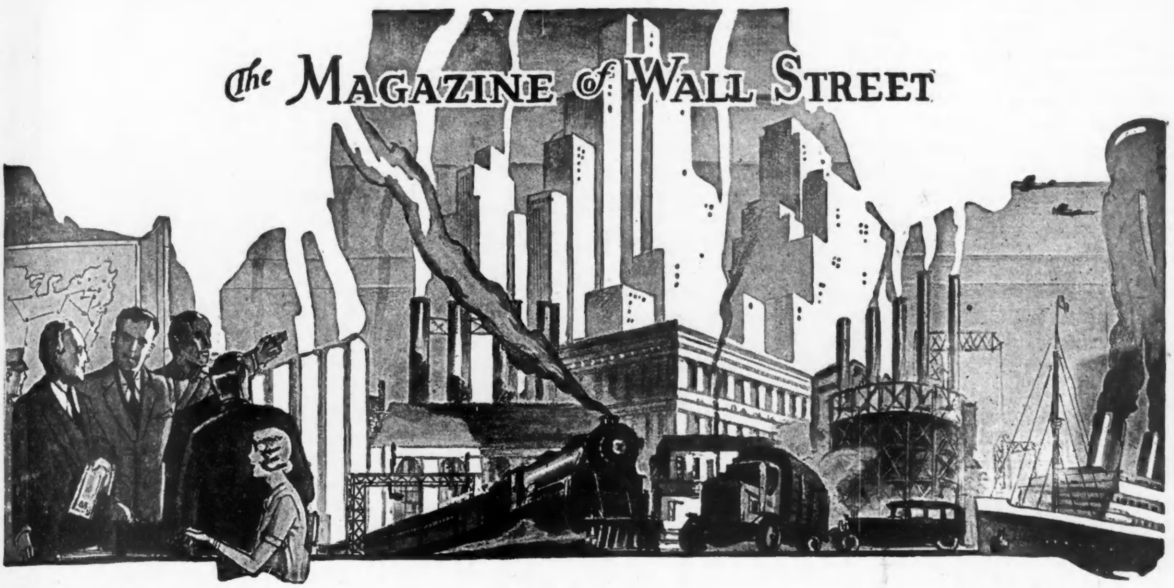
This absorbing article takes us for a swing around the globe, with a look into business conditions in all the principal countries. It appraises potential buying, estimates our trade prospects and throws new light on the question of how much support American business can expect in foreign markets.

### 3. Shall I Hold or Switch My Foreign Bonds?

A timely and practical discussion.

BY FRANCIS C. FULLERTON

***Watch for the new C. G. Wyckoff Barometer of Business Trends***

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*Managing Editor*

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*Publisher*

Theodore M. Knappen
*Associate Editor*


# Investment and Business Trend

*Psychologists and Economists—Employee Stock Ownership—Better Business—The Market Prospect*

*PSYCHOLOGISTS AND ECONOMISTS*

THE British industrialist, Lord Melchett, recently offered the suggestion that business might advantageously supplant some of its economists with psychologists, and there is no little truth in his observation. Particularly here in America in our continuous and extensive study and interpretation of cold facts and figures, we are too prone to lose sight of the fact that human reactions—human nature if you will, is the most potent fundamental factor in business and finance. Every market originates in a difference in human views and desires. The course of business as a whole is tremendously influenced by what people believe it to be. Fear is the greatest depressing economic force just as faith is the most vigorous trade and industrial accelerator. In view of which the shrewdest economist is without question the one who tempers his statistical considerations with an appraisal of public sentiment, who bases his actual interpretations on a knowledge of human nature. Such an observer recognizes that it was excessive optimism which was at the bottom of the overproduction, overcapacity and overselling which finally brought on the recession through which we have been passing. And that as soon as it is commonly believed that we are constructively correcting these excesses then business will show its real improvement. Business recovery, not only in America but all over the world, is more than a matter of economic readjustment. It is a problem of education and changing psychology.

*EMPLOYEE STOCK OWNERSHIP WITHSTANDS DEPRESSION*

A RECENT study by the National Industrial Conference Board reveals that the business depression has not checked the merger of capital and labor. This is the sort of merger that ought to have no opponents. We refer to employee ownership of corporation stocks. It is one phase of the so-called democratization of industry that was so widely discussed after Dr. Carver's book on the subject was published. These employee share owners are not fair weather birds. Of the 150 employee ownership companies surveyed—the total number is more than twice that—only four have discontinued the pol-

icy and only four were revising it. It is notable that in only nineteen instances did the price of stock sold to employees decline during the recent crash and present stagnation to below the purchase price—and in only eleven of these did the decrease amount to 10 per cent. Only four of the companies report greater than normal cancellations of stock purchases since the crash, while only 16 per cent noted an increase in resale of company securities.

A remarkable item of the study is that employers say that when employees disposed of their company stock it was to get funds with which to protect margins on other stocks or to make a switch from their company's to some other stock. When employees sell their company stock in order to make other investments it shows that their company experience has been a school for general understanding of the investment field. There are about a million employees who are now regular investors. Millions more will follow their example in the good years ahead. Add to them the great number of consumer stockholders and the million or so of wise investors who bought stocks outright since the collapse of prices, and it is apparent that the stock market has back of it an increasing volume of stock that is in firm hands, indifferent to ordinary fluctuations and intent upon dividends and long sweep appreciation. Then, also, one must consider the investment trusts in this connection. Their increasing holdings of securities are comparable to those of holding companies in firmness and stability. All of which tends to make for a future stock market that will be controlled more by fundamentals than by speculative technical factors. And beyond the market is the socially steadying influence of the fusion of capital and labor.

*BETTER BUSINESS?*

THE evaluation of the position of business at this time is beset with some confusion of trend. There is, for instance, a slight increase in the steel activity, but unfilled orders on hand at the first of the month reported by the leading corporations in the industry show the customary decline common to other years. Retail buying is mixed, with reports of seasonal gains in some centers and a falling off in others. On the whole, however, purchasing is well sustained and may even be expected to improve as the Fall season advances. Stocks of raw materials are excessive in some lines and conservative in others. Some inventory losses are inescapable. On the other hand, stocks of finished goods are generally low in both distributors and manufacturers hands, so providing a setting for good volume of Fall buying. In nearly every industry there seems a determination to keep operations in close conformance with market requirements. A spirit of conservatism and caution pervades most lines. In certain cases the sentiment is even overdone, and the charge that production is actually below normal consumption is not without foundation; but this is a situation easily corrected as confidence in the outlook returns. And apparently such improved sentiment can be expected if it becomes evident that the present slight upturn in the general trend of things is an enduring tendency and not merely a transitory seasonal filip to be expected in any year at this time. Of all the signs in the industrial and financial horizon there are two that will bear closest watching in this connection as indicative of a sound foundation for revival in general business: commodity prices and the volume of new orders. A continuance of the very recently exhibited stability in commodity prices and a gain in the volume of new orders placed by industry and trade would indicate a broad step toward normal.

*MARKET PROSPECT*

DISCOUNTING the probability of an autumn improvement in general business conditions, the stock market continued its late August rise during the early part of September. This movement, led by the stocks of the better caliber on an enlarged volume of trading, carried the "averages" up to almost exactly the same price level at which the July advance had been stopped by a flood of offerings. Some of the market leaders forged their way through the July resistence points and into new high ground for the movement. But the constructive forces seemed to have been fatigued by the effort and the majority of the leaders failed to attain their goal. Furthermore, short covering by nervous traders had somewhat weakened the technical position and after more than three weeks of an almost uninterrupted advance, the market fell back into a corrective movement that stopped the market as a whole just about where it had been stopped in July. Whether the resistence point at the July high and the recently duplicated level in September is largely psychological or whether large potential offerings remain to be absorbed at this price range, still remains to be seen at this writing. In any event, there seems to be no reason to alter the view expressed in these columns that the market is and will continue to be highly responsive to the earliest signs of industrial improvement. This means, of course, discounting the actual change in the trend of business somewhat in advance of its materialization. But until the market successfully negotiates its way through the difficult price path immediately above current levels, it would be well for both traders and investors to note certain precautions. One of the most important of these is the manner in which the market is to meet the forthcoming reports of third quarter earnings. The strategy heretofore seems to have been predicated on the ability of the market to get through the July resistence points, stage a bull demonstration to celebrate the accomplishment and thus attain a higher trading range in which to meet the "bad news." Wiser, though less spectacular, counsel now seems to prevail. Participants in the current market would do well, therefore, to recognize the alternative in market strategy of permitting the market to "discount" the third quarter reports. The *raison d'etre* of such tactics, of course, is a rather tangible prospect of a better market ahead. Investors should find the intermediatory decline (or declines) advantageous buying points. But with the uncertainties that have been thrown up in recent market sessions we would continue to emphasize caution, particularly against buying too early in declines that may materialize.

September 15, 1930.

# If Prices Stabilize... or Descend—

## The Downward Trend of Commodity Prices Has Far-Reaching Consequences Both Favorable and Unfavorable in Business and Finance and Investment

By John C. Cresswill

BEFORE the recent plunge of commodity prices set in there was a general assumption that prices were on a new permanent level, about 40 per cent higher than the pre-war level. All business, the world over, had adjusted itself to such a change. It was foreseen that there might be a slow decline of prices over a long period of time, but an abrupt break in the prices to a new general lower level was not expected.

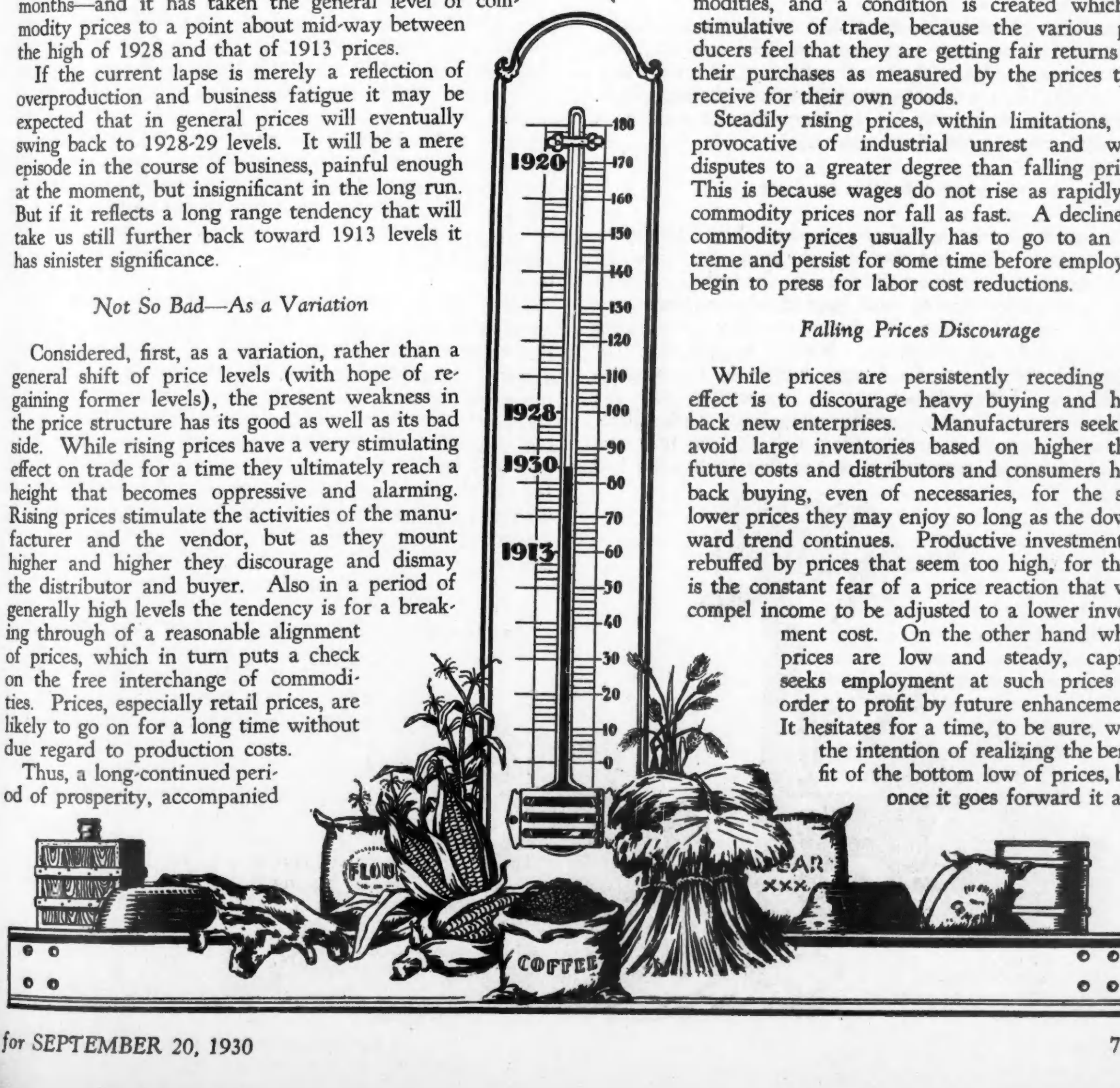
Such a break has come, chiefly within the last eight months—and it has taken the general level of commodity prices to a point about mid-way between the high of 1928 and that of 1913 prices.

If the current lapse is merely a reflection of overproduction and business fatigue it may be expected that in general prices will eventually swing back to 1928-29 levels. It will be a mere episode in the course of business, painful enough at the moment, but insignificant in the long run. But if it reflects a long range tendency that will take us still further back toward 1913 levels it has sinister significance.

### *Not So Bad—As a Variation*

Considered, first, as a variation, rather than a general shift of price levels (with hope of regaining former levels), the present weakness in the price structure has its good as well as its bad side. While rising prices have a very stimulating effect on trade for a time they ultimately reach a height that becomes oppressive and alarming. Rising prices stimulate the activities of the manufacturer and the vendor, but as they mount higher and higher they discourage and dismay the distributor and buyer. Also in a period of generally high levels the tendency is for a breaking through of a reasonable alignment of prices, which in turn puts a check on the free interchange of commodities. Prices, especially retail prices, are likely to go on for a long time without due regard to production costs.

Thus, a long-continued period of prosperity, accompanied by rising prices, or prices stabilized at an alarmingly high level, finally is not conducive to confidence and free buying. When such a condition has been reached a downward trend of prices will eventually be a desirable corrective, notwithstanding its temporary painfulness. After prices have been falling for a considerable period the variations from the average are not so great as when they have been rising. Thus price recessions have a marked value in respect to realignment of the various commodities, and a condition is created which is stimulative of trade, because the various producers feel that they are getting fair returns for their purchases as measured by the prices they receive for their own goods.




Steadily rising prices, within limitations, are provocative of industrial unrest and wage disputes to a greater degree than falling prices. This is because wages do not rise as rapidly as commodity prices nor fall as fast. A decline in commodity prices usually has to go to an extreme and persist for some time before employers begin to press for labor cost reductions.

### *Falling Prices Discourage*

While prices are persistently receding the effect is to discourage heavy buying and hold back new enterprises. Manufacturers seek to avoid large inventories based on higher than future costs and distributors and consumers hold back buying, even of necessaries, for the still lower prices they may enjoy so long as the downward trend continues. Productive investment is rebuffed by prices that seem too high, for there is the constant fear of a price reaction that will compel income to be adjusted to a lower investment cost. On the other hand when prices are low and steady, capital seeks employment at such prices in order to profit by future enhancement. It hesitates for a time, to be sure, with the intention of realizing the benefit of the bottom low of prices, but once it goes forward it acts

with such promptness and energy that it contributes to fixing the bottom and starting the upward trend again.

*Beneficial to Fixed Incomes*

Falling commodity prices, particularly when retail prices are kept in line, are beneficial to persons with fixed incomes. Salaried men in government and other employ where salaries are well-established for different grades of employment can look with equanimity upon falling prices if their tenure of jobs is not affected thereby. At the moment, a fixed income has a retail food purchasing power about 10 per cent more than it had a year ago—corresponding to a decline of about 14 points in the food prices index. Measuring purchasing power of income by wholesale prices, the 100-cent dollar of 1926 was worth 93 cents a year ago, and now it is worth $1.19. The man whose income has not been reduced is in a happy position. He can spend more and save more. There are millions of people in the United States who are in this enviable position. They can live better and simultaneously save more than a year ago. Growing totals of savings accounts are largely theirs. The reduction in the cost of living and the increase in the purchasing power of the dollar mean something to the jobless man who has a backlog and also to the man whose income has been reduced but they are scant comfort for the jobless without reserves.

Possessors of annuities, bonds and mortgages are in the same comfortable class with men on fixed salaries. As commodities go down their real income goes up. Their only concern is the remote possibility that receding prices may result in bankruptcy for the companies, even the governmental units, whose bonds they hold.

*Adversity Has Its Uses*

Like most adversities, falling prices have their disciplinary moral values. Ease and sloth are partners. In times like these successful businesses do not run themselves. Established enterprises have to send their idling executives back to work to hold their own. Sometimes they can't be restored to their old efficiency. It's the hungry dog that scents the game—and the hungry hunter in the business world has a better chance now in competition with the well-fed one. Personal management, hard work, direct contact of proprietors with business, will give the little man and the rising entrepreneur a chance that he has not had in the last few years when many business units rolled on from accumulated momentum.

There is a story rolling around Wall Street about a top executive who called his cabinet together and told them that they were slipping because they were all too wealthy and comfortable. "Golf, trips to Europe, several vacations a year, prolonged week-ends, two-hour luncheons and so on are very pleasant and desirable," he scolded, "but they don't sell our machines. Think of it! Here are thirty of the world's best executives and there wasn't active brains enough among the whole of you to keep us from putting out a model that was a complete flop!" The story may be apocryphal but its exemplary value is as good as if it were a sworn affidavit.

Falling commodity prices are not good for junior securities. Other factors may offset this influence but as the descent of prices in a marked measure is generally accompanied, if it is not a cause thereof, by constricting business volume and dwindling profits there is a chance of curtailed if not omitted dividends. Thus the values of investments have an urge toward recession. On the other hand, needless expense is cut away, labor becomes more loyal and efficient and management improves when commodities are falling and unemployment is growing.

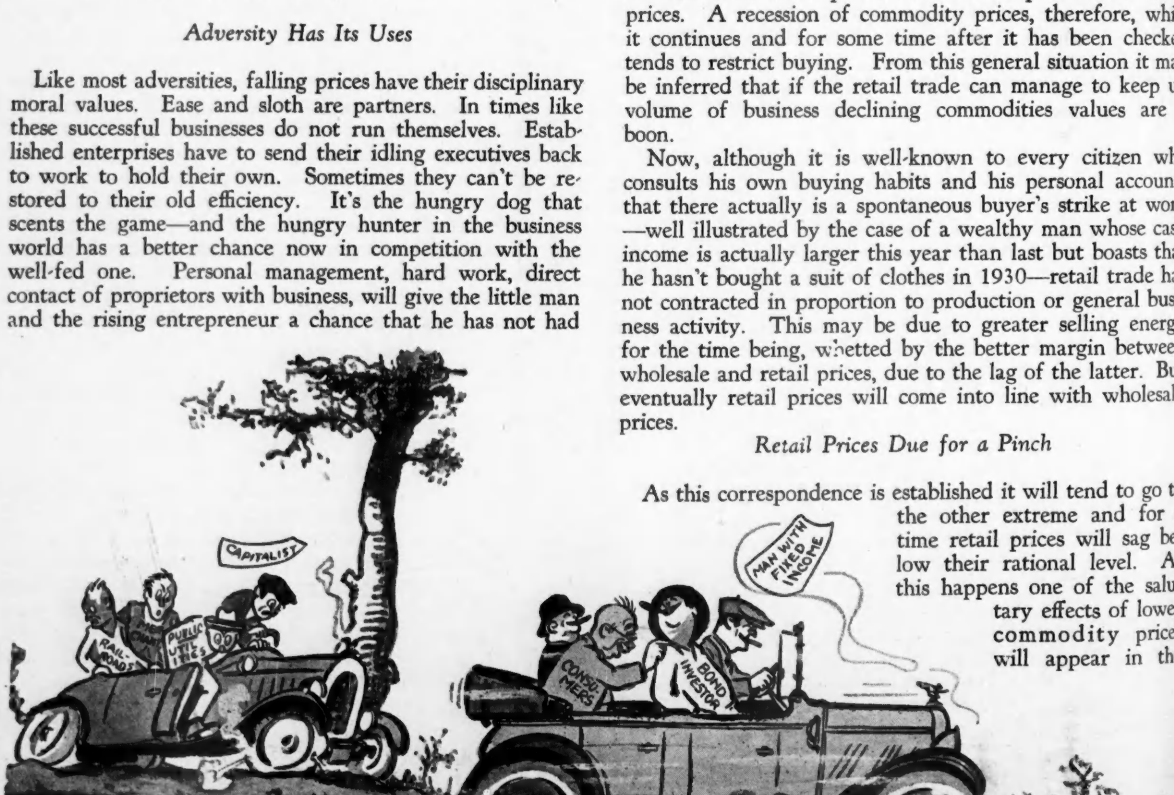
*A House Divided Against Itself*

As consumers we all welcome falling prices. As producers we abhor them. But in general mankind rates prosperity by income rather than by purchase, consequently the composite mental state of the public when prices are falling so rapidly that they choke profits and curtail earned incomes is one of concern and caution. This attitude is stiffened by the fact that retail prices are slow to parallel wholesale prices. A recession of commodity prices, therefore, while it continues and for some time after it has been checked tends to restrict buying. From this general situation it may be inferred that if the retail trade can manage to keep up volume of business declining commodities values are a boon.

Now, although it is well-known to every citizen who consults his own buying habits and his personal accounts that there actually is a spontaneous buyer's strike at work—well illustrated by the case of a wealthy man whose cash income is actually larger this year than last but boasts that he hasn't bought a suit of clothes in 1930—retail trade has not contracted in proportion to production or general business activity. This may be due to greater selling energy for the time being, whetted by the better margin between wholesale and retail prices, due to the lag of the latter. But eventually retail prices will come into line with wholesale prices.

*Retail Prices Due for a Pinch*

As this correspondence is established it will tend to go to the other extreme and for a time retail prices will sag below their rational level. As this happens one of the salutary effects of lower commodity prices will appear in the



form of a compression of the spread between producers' prices and consumers' costs. It is conceded on all sides that the high cost of distribution is a grave weakness in our economic structure. A time of pinching profits makes for a reform of distribution.

The cautious buying that is actuated by falling prices is a stimulus to saving. In the recent boom years free spending has been emphasized as an economic virtue. Free spending is a corrollary of high living standards. As individuals and corporations turn their attention to building up reserves there arises a contraction of buying volume which logically tends to the retardation of business activity. The bright side of this condition is the resultant accumulation of capital, which will eventually result in an investment pressure that cannot be withstood. It is in dull times that investment capital accumulates. At present the emphasis is on saving rather than spending, but there is no prospect that it will have, in the long run, caused anything more than a welcome restriction of excessive spending.

Cheaper commodities make for a favorable period of capital expenditures. The drive for the stimulation of such expenditures at this time (assuming that prices are now stabilizing) is therefore good business in a double sense—good in the aspect of prudent investment and in the aspect of checking business recession, through purchases of materials and the creation of employment.

An extremely interesting incident of lowered commodity prices is their effect on the public utilities. Assuming that prices were stabilized on a new high level after the war, utility managements have successfully contended in the courts that their conceded net return of 7 or 8 per cent on the valuation of their properties should be based on the cost of reproduction of those properties. By their own rule they now face a reduction in their rates. Generally speaking, the cost of reproduction is theoretically about 16 per cent less than it was in 1926. There can be little doubt that the politicians will grab the grand idea of proportionate rate reductions, and even less doubt that it will be popular. How lower rates will affect earnings, however, is discussed elsewhere in this issue.

### *Wages a Commodity*

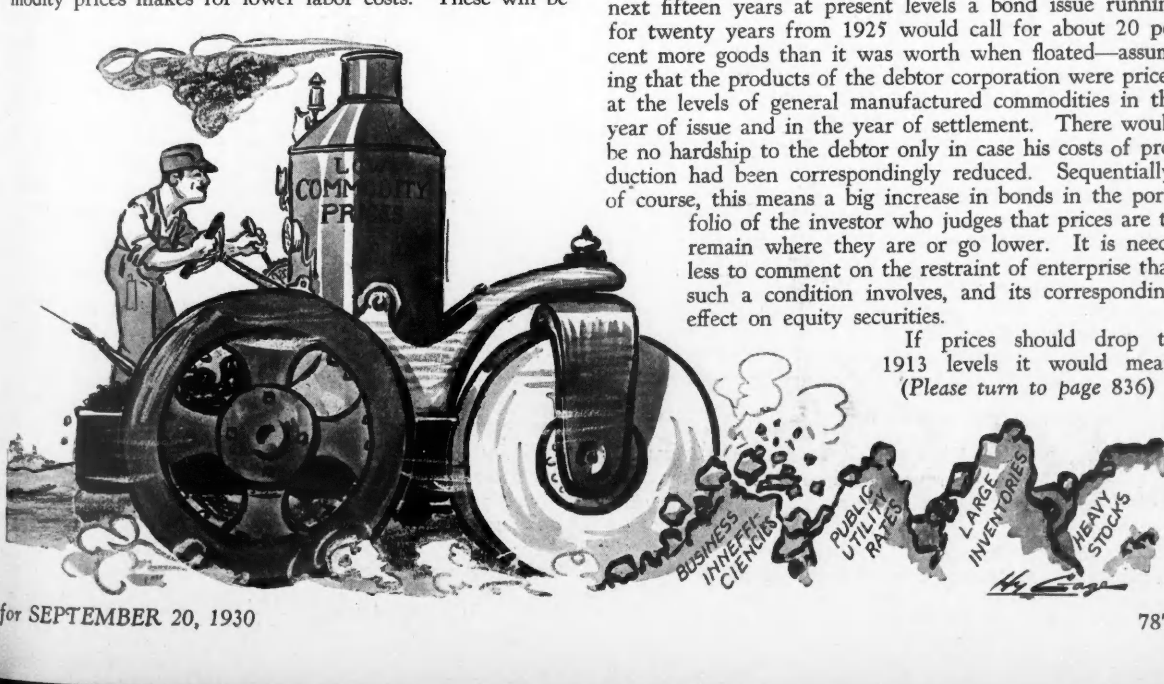
Notwithstanding the humanitarian trend of the times, labor costs must be considered economically in the same light as material commodities. The pressure of lower commodity prices makes for lower labor costs. These will be sought by further mechanization of industry and also by reduction in wage rates. Big and efficient business is putting the emphasis on the former but little, and backward business leans to the latter method of readjustment. A continuation of commodity price recession must sooner or later lead to great pressure for reduction of wage rates, with potentialities of violent disputes between employers and organized labor. A current illustration is the textile workers' strikes in France, which have been settled by a reduction of wage rates, corresponding somewhat to the slump in prices with the understanding that the schedule will be readjusted from time to time with a view to maintaining real wages on a level basis.

### *Two Disturbing Possibilities*

If the present commodity slump is merely an episode in the continuous economic drama it may be considered as of little lasting importance. But there are two disturbing possibilities: first, that prices will generally stabilize at about the present level, instead of rising to 1923-29 levels; second, that they may continue downwards for an indefinite period, perhaps reaching the pre-war status. A conspectus of domestic and world data bearing on prices leaves little hope for an early restoration of after-war levels. And there is grave danger that we are in for tedious period of falling prices, comparable, say, to the period of 1873-1896. Broadly speaking, the present generation in power is familiar only with rising prices. The psychological effect of a persistent downward trend would, therefore, be most depressing over and above the actual trials of such a time.

If the problem of adequate gold supplies as a basis of currency and credit can be waived aside it may be asserted that the slump so far is largely the inevitable effect of commodity overproduction and that on that score it probably will not go much, if any, further; but without much prospect of regaining recent high levels for many years. Even if recession be stopped at the present point, it will have extensive lasting adverse effects unless progression sets in. The change in price levels in the last year or two is sufficient to put a heavy burden on debtors. Obligations are in dollars, not in goods. A mortgage contracted, say, by a farmer five years ago and maturing now will call for the indirect delivery to the creditor of 24 per cent more of farm products than the loan represented in such products when it was negotiated. If prices should remain for the next fifteen years at present levels a bond issue running for twenty years from 1925 would call for about 20 per cent more goods than it was worth when floated—assuming that the products of the debtor corporation were priced at the levels of general manufactured commodities in the year of issue and in the year of settlement. There would be no hardship to the debtor only in case his costs of production had been correspondingly reduced. Sequentially, of course, this means a big increase in bonds in the portfolio of the investor who judges that prices are to remain where they are or go lower. It is needless to comment on the restraint of enterprise that such a condition involves, and its corresponding effect on equity securities.

If prices should drop to 1913 levels it would mean (*Please turn to page* 836)



¶ *Present Investment Conservatism Favors the Return of Fixed Income Bearing Securities to Popular Favor*

¶ *Will the Bond Market of 1922 Return?*

# Opportunity Beckons in Bonds

By Russel Tayte

A BOOK could be written upon the causes of "fashion" and its effects upon the destiny of the human race. In the case of investments, there is almost always a firm foundation on which to commence, although later sound principles may be forgotten, resulting in a public orgy rather than a fashion. Thus, in the past, we have seen many sharp swings from bonds to stocks and back again.

In recent history, it can be shown that the needs of a world at war was an unprecedented stimulus to the sale of all sorts of government bonds and later for a multitude of industrial issues to meet the demands of an expanding period of business as well as the demands of a prosperous and investment-seeking public. The momentum carried over into several post-war years until bond-salesmanship can almost be said to have been the recognized profession for a young man leaving college. The fashion waned after the sale of a tremendous quantity of bonds, good, bad and indifferent, and the surplus of a country, enjoying prosperity such as the world had never before seen, sought an outlet in common stocks. Later, graduating from the purchase of sound equities on a conservative basis, a public, wishing to "grow with the country" bought anything that promised to do so, however remotely.

At this time, the individual had no desire for bonds at any price. The purchase of a few shares of common stock was synonymous with making a fortune. A return of four, five or even six per cent was considered negligible, when even call money ran between eight and ten per cent for weeks at a time. Then the crash. The stock market is no longer yielding fortunes overnight and the pendulum has commenced to swing the other way. It is being more generally appreciated that no one class of security is entitled to hold the stage to the exclusion of all others. Yield and safety are again being seen in their proper perspective.

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### Causes of Price Change

The greatest advantage possessed by a sound bond over other forms of investment is the relative stability of its price in dollars. One knows almost exactly from day to day the amount one will receive should it be sold. This comparative stability affords a feeling of security in a backlog of bond holdings. There is no danger of being "panicked" into selling. Bonds are then particularly suitable as an extremely liquid asset and their value to the individual in this connection has been amply demonstrated during many periods of stress.

Although their relative stability marketwise is their most valuable characteristic, bonds do fluctuate over a period of time. These fluctuations are caused fundamentally by changes in the credit standing of the debtor and by long term interest rates.

**Past Bull Markets in Bonds**

| Period | Duration |
|---|---|
| December, 1899—April, 1902 .......... | 28 months |
| November, 1903—February, 1905 ........ | 15 " |
| November, 1907—February, 1909 ......... | 15 " |
| December, 1914—January, 1917 .......... | 25 " |
| August, 1920—September, 1922 .......... | 25 " |
| October, 1923—November, 1928 .......... | 61 " |
| Average duration = | 28 " |

At the present moment there are many indications that money is to continue easy for some time and grow perhaps even easier. The immense amount of new capital needed for the rehabilitation of the world after the war has now been provided and in accordance with the usual human characteristic to overdo, an excessive capacity both industrial and agricultural has come into being. Money as a result has accumulated and the demand for bonds is bound to assume large proportions. The banks with a very much impaired demand for their funds for commercial needs will be particularly aggressive and it is well worth noting that the member banks of the Federal Reserve System have already added some three-quarters of a billion dollars' worth of bonds, of which only about 200 million consists of government issues, to their portfolios this year. Savings and other banks, not reporting, would likely more than double these figures. Sound, well-seasoned bonds must then be rapidly developing a "scarcity value." It is not yet too late, however, to obtain an attractive income with an excellent chance of price appreciation.

The reasoning that during periods of industrial depression money is freed, accumulates and flows into the bond market is well illustrated by the accompanying chart. One cannot help but see the extremely close relationship between the low point in industrial activity and the low point in the bond market. In the present instance, a low point in industrial activity has just passed. It may, or may not, be the absolute bottom, although many authorities agree that it probably is, and all agree that we cannot conceivably have a recession from this point equal to that which we have already witnessed. At any rate, the falling off in industrial activity has, even now, most certainly been suf-

ficient to release money, which is seeking an outlet. A natural question arises as to how much further may bond prices be expected to rise from here. Another glance at the chart will show that, in the past, major bull markets in bonds have been between five and fifteen points in the averages, while the mean movement has been some ten points. In the present case, the expected rise has travelled less than a third of the average distance, indicating that much more may be anticipated.

### *Length of Bull Markets*

Confirmation of this is obtained from a reference to the accompanying table, which shows the duration of the major upward movements in bonds since 1899. It will be seen that they have lasted from 15 to 61 months and that the average duration has been 28 months. Therefore, should precedent mean anything, we are in the preliminary stages of a major bull market in bonds which has much further to run, both as regards time and also as regards extent.

The bond is not, as some think, a vehicle to be delegated to the exclusive use of institutional investment, although it is probably true that here its greatest, consistent outlet will be found. Insurance companies, savings banks and others buy bonds because their needs and objects are not the same as those of the individual investor. These institutions deal in money and money only. They are only obligated to pay out so many dollars and are disinterested in the amount of the necessities of life that can be bought with those dollars. On the other hand, it is the purchasing power of his dollar that is of paramount importance to the individual.

### *Higher Purchasing Power*

This purchasing power is also of great importance to the future of bond prices. It is a factor which may be favorable or unfavorable, and is worthy of more attention than is commonly ascribed to it. For example, those who bought British Consols in the early nineteen hundreds, then, without doubt, the premier investment security of the world and even now with but very slightly impaired standing, have suffered a loss of simply staggering proportions. Not only has the price of their investment declined by some 50 per cent, but the purchasing power of the remainder has been lessened by some 45 per cent. On the other hand, those who bought sound bonds in 1866 and held them until 1897, received in the latter year dollars with a purchasing power some 200 per cent greater than those they invested. Again, the purchase of bonds just after the World War has resulted for the individual in a larger gain from increased buying power than from a rise in the quoted price.

Therefore, the stronger the argument for prospective lower commodity prices, the more advisable it is to buy bonds.

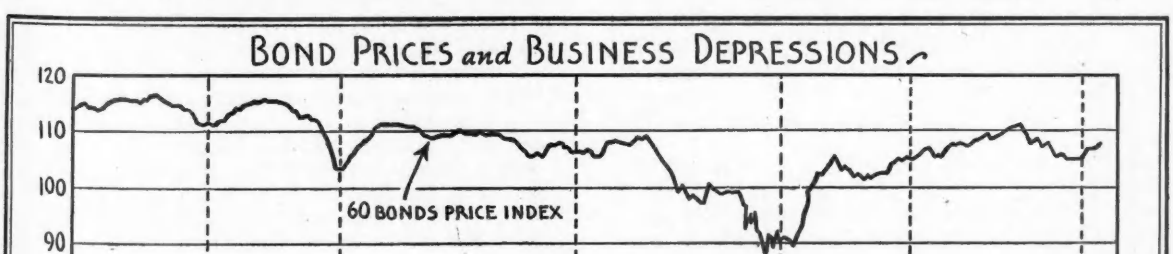
### *Higher Grade Issues*

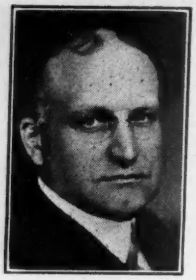
Although all factors appear to favor the purchase of bonds in general at this time, there still remains a wide choice between many kinds, many grades and many maturities. In the writer's opinion, to buy anything but a "good" bond is very poor policy. A weak bond has all the disadvantages of its stronger brothers yet lacks their good points. The second class bond of an industrial corporation will gain only in comparative moderation, due to any improvement in the credit standing of the company, the common stockholders receiving the real benefit. Whereas, should the worst befall, resulting in a bankruptcy, the bondholders will be very fortunate to escape without serious loss.

Three questions should be answered in the affirmative before committing oneself to the purchase of a bond. 1. Are the revenues, out of which the bondholder is to receive his interest, ample, sure and stable? 2. Is the bond well secured? 3. Is it readily marketable? If the prospective bond passes these three tests satisfactorily, there is still the question of maturity. On this point holdings should be diversified. A non-callable long term bond will prove more advantageous in a period of falling interest rates, while should money rates rise a short term bond can be liquidated with but a small loss, due to the fact that it will soon have to be paid in full.

Coupon rates are also important. Generally speaking, a low coupon rate is preferable to a high one. This is well illustrated by the experience of those who bought high coupon

*(Please turn to page 836)*



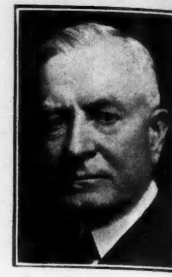


Col. Edward A. Deeds, father of the Liberty Motor, and National City director.

Gordon S. Rentschler, President, National City Bank.

Lee E. Olwell, V. P. and executive assistant to the chairman, National City Group.

F. B. Rentschler, President, United Aircraft & Transport Co.



T. J. Watson, Chairman, International Business Machines Corp.

# "The Dayton Crowd"

## High Water on the Miami River Floated a Group of New Leaders Into the Financial Big League

By THEODORE M. KNAPPEN

*No better illustration of the national character of Wall Street is to be found than a roll call of its most prominent citizens. Only a small percentage of them are native New Yorkers. Most of its leaders of today have been drafted from other parts of the country—and not always singly—sometimes in large and representative groups as exemplified by the sons of Dayton and thereabouts who have won commanding positions in financial America. Similar groups from other localities will be subjects in coming issues.*—EDITOR.

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THE Dayton flood of 1913, viewed in the abstract, was a local catastrophe. There didn't seem to be any probable relation between it and national high finance and big industry. No New Yorker of that period could imagine that because the crooked little Miami River had gone on the rampage of a century anything in particular was likely to result in New York. But it turned out that the Dayton deluge floated the "Dayton crowd" to Wall Street and the national scene.

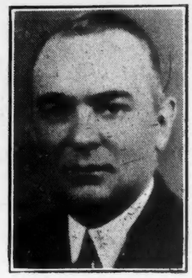
After Dayton and the other cities of the Miami Valley came out of upper stories, as the river receded into its ordinary docility, and shoveled the mud and silt out of the houses and from the streets, they said with one voice: "This must not be again!" One can imagine Gordon Rentschler of the Hooven, Owens, Rentschler Company and the Hamilton Foundry and Machine Company, foundrymen and makers of machinery, looking up at the high-water mark on the walls of his plants at Hamilton and vowing that the Miami would be subjugated. The Miami Conservancy District was formed as a corporate state body to tackle the big job. Among the "prominent citizens" who were placed on the board of directors were Gordon Rentschler and Edward A. Deeds of Dayton. The river could be managed, it was decided, but the price would be $35,000,000. That meant bond issues and New York negotiations. So Rentschler and Deeds, and others, for all I know, bought resplendent new luggage (purely an assumption) and headed for New York and more particularly the Waldorf-Astoria Hotel, where in those days all provincials, making due and proper entry into New York, put up.

Rentschler was only twenty-eight years old then, but aside from native ability he had a good start as a home-town pillar through inheritance from his father, a sturdy immigrant out of Germany back in the days when progressive Germans were fleeing far and wide from the rigid tyranny of the Hohenzollerns. He had been a football player of note at Princeton, was big, handsome, good-natured, affable and dynamic. Thus the man from Hamilton came into contact with the National City Bank as a peddler of a bond issue. The contact might have ended then and there but somehow the City Bank later became involved in an assortment of Cuban sugar plantations and Col. Deeds was called into conference on ways and means of handling the situation. Back in Hamilton the Rentschler works derived a large part of their patronage, in the way of sugar grinding machinery, from Cuba and were also having some harassing involvements in Cuba. It was suggested that Rentschler would be just the man for the Bank to send to Cuba to straighten out its affairs there. So Rentschler went, and he must have done a good job because along in 1923 he was elected a director of the "National City." But still he was a Hamiltonian. Two years later he became vice-president and assistant to the president, both in the Bank and the National City Company. New York is his stopping place now but the big town is to him only a means to an end—only an implement.

At the same time that Rentschler was made vice-president, Lee E. Olwell, Daytonian for three years with National Cash Register Company, who had been assistant to the president, was also chosen a vice-president with the additional title of executive assistant, the jobs duplicating for the bank and the company. Olwell came into the bank in 1917 by way of automobiles and Detroit, and it is to be suspected that his influence had not a little to do with the final removal of Rentschler from the banks of the Miami and the iron foundry to New York and big money making. In 1929 Charles E. Mitchell

*Harold E. Talbott, Jr., Financier*

*C. W. Deeds, Secy. and Treas., United Aircraft & Transport Co.*



*Joseph E. Rogers, President, Addressograph Co.*

*Richard H. Grant, V. P. and director sales, General Motors.*

*C. F. Kettering, V. P., General Motors, and Pres. General Motors Research Corp.*

retired from the presidency of the two institutions to become chairman of both, and Rentschler succeeded him as president of the bank. So here was Gordon Rentschler, aged 44, president of one of the world's greatest banks, just 22 years after he was elected president of the graduating class at Princeton. In the meantime the treacherous Miami had been mastered and a lot of directorships acquired as symbols of ever-widening business interests. All of which teaches that to become a great banker you should start as an iron founder.

On the other hand, Lee Olwell's early career as newspaper and advertising man, argues for still another prep school for high finance. Olwell ranks high in the National City trinity of bank, investment, and trust company—as right hand man to Chairman Mitchell. He has charge of real estate matters, among other things; keeps an eye on advertising, handles difficult relations with other institutions, and public affairs; and is distinguished for his ability to cut swiftly to the core of any problem. At one time he had—perhaps still has—the distinction of being the only general officer of the institution who had visited every one of its foreign offices, which necessitated a trip around the world. He is credited with being an unerringly good picker and manager of men.

### *Col. Deeds Arrives With a Wheelbarrow*

Mention has been made of Col. Deeds in the background of the Rentschler career. Somewhere around 1897 a young man might have been seen pushing a wheelbarrow laden with a rather disreputable trunk along a Dayton street. His name, it afterwards developed, was Edward A. Deeds, and he was headed for humble lodgings. He didn't climb up a hill and melodramatically threaten Dayton with conquest as Rastignac did Paris. All he wanted of Dayton was a job. Perhaps he cannily contracted for one with the Thresher Electric Company—I don't know. In those days the National Cash Register Company was considered in Dayton as the surest door to business success, and it wasn't long before Deeds entered it. He was fascinated by mass production—and has been ever since. Breakfast foods were quite in vogue at that time as fortune commanders, and for a time Deeds tried his hand with Shredded Wheat at Niagara, but there wasn't enough metal and heavy production in this line to keep the youngster enamored of his job. Machines were the thing. So we go back and "accept" a job with Cash Register. Time slips by and our subject's unceasing devotion to production brought him to the vice-presidency and general managership of the Register company.

They say that picturesque "old man Patterson," founder and head of the company, had a way of becoming jealous of his executives. Perhaps Deeds might have vegetated there if the old man hadn't fired him. It may not have been a technical case of forced separation, but any way Deeds was out. When you are looking for a job a record of unwilling separation doesn't help much but it often happens that such an event is the first stepping stone to great success. Deeds immediately got a new job for himself with himself. While he was driving production of cash registers he formed a friendship with a young fellow in the electrical department named Charles F. Kettering.

In those days a large part of the motoring public suffered from broken arms and wrists incurred in the line of duty of cranking the engine. Kettering worked in his off-time to invent a self-starter (with lighting and ignition adjuncts) which he accomplished. It was the famous "Delco." The two youngsters proceeded forthwith to found the Dayton Engineering Laboratories Company. They were off to fame and fortune. Why bother with further details? Eventually "Delco" was sold to the General Motors Company and the partners divided a fortune.

### *Kettering, Modern Wizard*

Kettering is now president and general manager of the General Motors Research Corporation and is one of the world's research wizards. He has a home in Dayton with apartments in New York and Detroit and flits around the triangle. He also boasts an ocean going yacht in which he cruises on the Great Lakes and occasionally Old Ocean itself. Last year he went as far as the Galapagos Islands, but his guests say he spends more of his time in the engine room than on deck. Kettering is a good deal of a philosopher as well as an engineer. He is a deep thinker and a lucid writer. When you see an article by Kettering you go to it like a hungry man to a steak, you know you have an intellectual feast before you. Incidentally, the Kettering fortune is listed somewhere 'way up in the eight cipher brackets. It seems that all inventors are not without substantial rewards.

### *Wheelbarrow to Airplane*

. Deeds was not personally absorbed by General Motors along with Delco. He had kept in touch with the Wright brothers in the early days of aircraft development and was enamored of aviation. Perhaps it was that wheelbarrow experience that turned his thoughts to swifter transport. Along came the war, and he was swept to Washington as a member of the Aircraft Production Board, later becoming manager of aircraft production for the army with the rank of Colonel. It was by his command, as it were, that the Liberty engine was designed within five days, by two engineers in the early days of the war, and it was his genius

*(Please turn to page 833)*

*¶ Which is the Investor in High Grade Common Stock Buying—*

# Earnings or Income?

## By Arthur M. Leinbach

EARNINGS or income—which one of these two factors should prevail in determining the value of a well-seasoned common stock investment?

The question is as old as the history of the stock exchange itself. It has been variously answered in favor of the one or the other factor according to prevailing financial sentiment and conditions, but never with complete finality. The question will remain an open one, perhaps as long as common stocks have the two-fold utility value of paying a cash dividend and of being convertible for a principal cash value.

The practice of our large corporations in recent years to pay out a conservative proportion of their earnings in the form of cash dividends, however, has relegated the "yield basis" of their stocks to a role of minor importance. This tendency reached its heights during the 1929 bull market. Dividend yields were probably never so ineffectual in determining stock values in the entire history of the Stock Exchange as they were in the Fall of 1929, and this tendency has left its mark on the market that followed.

### *Unattractive on Yields Alone*

When the market broke and the speculative fever died out last Fall, it was said that the decline would force recognition of cash yields on all stocks. But the best class of high grade investment stocks have not as yet reached quotations where they would be attractive on the basis of cash dividend yield alone. In the compilation of statistics which appear on pages 794 and 795, current yields are shown to be from one to three points lower than the yields obtainable from good bonds. Of the fifty representative stocks included in the tabulation, two are non-dividend paying and the dividends of at least eight are not to be considered as reasonably well secured under current conditions. The average yield of the remaining forty stocks, however, is approximately 4⅓ per cent.

***At the end of 1925, a good business year and a good year in the market, high grade investment stocks sold 12 times the value of their net earnings.***

The dividends of a few of these stocks have been increased since last year; the dividend of a few others have been reduced. By and large, however, the same rate of dividends is being maintained by the group that was in force in 1929. The reason that higher yields are not forthcoming on new commitments in this class of common stocks during the current period of depression is simply that earnings are more of a consideration than income to the majority of stock buyers whose combined sentiment makes prices.

It is not the purpose of this study to forecast if, when or under what future conditions investor sentiment concerning cash yields from seasoned investment stocks would change the present relation between dividend incomes and stock prices. These statistics have been compiled to give a practical interpretation of the sentiment of buyers of this type of common stocks at the three recent periods of the stock market history, which are indicated in the tables. They show that earnings and their relation to stock values are still the principal determining factor in security price trends.

### *Changing Price Earning Ratio*

The average number of times that the total net income of the corporations mentioned was exceeded by the total value of their outstanding stocks at the end of the year 1925 was approximately 12. In other words, the ratio of market price to earnings was 12 to 1. At the peak of the bull market in 1929, the market value of the same stocks exceeded net income approximately 26 times. The relation between earnings and stock values obviously cannot be calculated as accurately this year, but from the data available it appears that at September 1, 1930, the average ratio of stock values to earnings (on an annual basis) was approximately 17 to 1. Remember these figures—twelve, twenty-six and seventeen—they tell an interesting stock market story and one that has a definite bearing on the present status of the stock market.

Looking back over the unusually high peak of 1929, the year 1925 does not seem to us now to have been a particularly outstanding period, but in known terms up to that time 1925 was a year of good business. It also was a year of almost constantly advancing stock prices. When, at the end of the year, the value of these stocks was 12 times the value of the earnings of the corporations represented, this meant that the stocks were earning over 8 per cent on the existing stock market valuation. In other words, if investors had received all of the earnings of their corporations to the penny, their income would have been something over 8 per cent on the prices of stocks at the year end.

Whether or not the stockholders received these earnings, they represented income in both a theoretical and also in a very practical sense. Of course, all of the earnings were not distributed. Instead they were invested in property, expansion, new equipment or other channels that built up future earning power for the stockholders. Earning and paying (in this indirect manner) 8 per cent, it became obvious that a new

relation between earnings and stock prices would have to work itself out — either by earnings falling or by stock values growing. The relation was eventually changed in favor of higher stock prices. While the earnings of this group of corporations continued to grow in the subsequent years, the market value of their outstanding stocks increased at a proportionately faster rate.

*Four Per Cent on Market Value*

In fact by the Fall of 1929, the stock values had grown until they represented an average of 26 times the earnings that were realized during the calendar year 1929. Of course, at the time, stock buyers had no absolute knowledge of the full year's earnings, but the record year that materialized for most of the companies was universally anticipated. At this point, furthermore, a valuation of 26 times earnings meant that if every last penny of the earned income was paid out to shareholders at the end of the year, they would receive something less than 4 per cent (on the average) of the values which existed last Fall. To justify such values, corporate earnings would have to have increased substantially beyond the record amounts established in 1929. When instead of growing, business activity and profit margins (i. e. prospective earnings) declined, then a new valuation for the high grade investment stocks became inevitable. The drastic revaluation took the form of the severe break in the price structure of stocks on the exchange in October and November.

***By the Fall of 1929, the peak of the bull market, the value of these stocks had grown to an amount equal to 26 times the full year's earnings.***

Since that time, the stock market has been attempting to find a new basis of stock valuation that would represent a more rational relation between prices and earnings. Stock split-ups, stock dividends, mergers and consolidations make it impractical in most cases to draw a comparison between the per share quotations of present issues and the prices which prevailed for similarly named stocks during the past few years. To overcome this difficulty, stock valuations are calculated in the accompanying table in terms of the total dollar value of all of the common shares outstanding irrespective of origin, par value or number of shares on the market. Thus it is found that even though the per share quotation for the stocks is no more, or in numerous cases less, than in previous years, the total valuation has nevertheless increased. These valuations are then compared with the net income applicable to dividend payments in arriving at the price earnings ratios indicated.

*In Time of Depression*

Another difficulty confronts the market in attempting to find a new relation between prices and earning power, namely that earning power has been impaired by the business depression that followed the stock market crash. In many instances the current earnings of the individual corporation in question have been reduced far below anything that would represent a reasonable amount of "normal earning power." And as only the figures of the first half of the year are available and then only for an incomplete number of the companies represented, some mental allowances must be made for the accuracy of the calculations statistically. In computing the price earnings ratios for the current year, however, the only allowance that is made here is that the second half of the year will be no worse than the first half *on the average*. When it is considered that the March quarter was a fairly good one for many of these concerns and that an industrial revival of some sort is looked for in the Fall and Winter months (even though it is no more than the usual seasonal variation) it is quite likely that the figures will prove to have been conservatively computed.

***September, 1930, in the latter end of a business depression finds the value of these same stocks reduced to an amount that is approximately 17 times the indicated value of the current annual earnings.***

Here is what they show on the valuation for the present year. Earnings at their current low ebb are approximately 6 per cent of the present stock values; that is to say market valuations average about 34 times the amount of the first six months' earnings (17 times the annual value) for the 37 companies which have published an official income statement or sufficient earnings data to give us a reasonably accurate estimate of the half year results.

The interesting thing is that this relation takes into consideration both the deflation of the stock price level and the actual or estimated earnings record in the midst of a general business depression. As a group study, there is no presumption of growth in earning power in the immediate future, or, if earning power definitely increases, the current price earnings ratio would permit of a higher stock price level. If it is conceded that this group is representative of the high grade investment common stock, then it follows that the typical "investment grade" common stock so popular last year is earning (and either paying or reinvesting such earnings) at the annual rate of about 6 per cent on the present value of the stock. Individually, of course, each company and each stock issue must be considered on its own merits but for the group there is a basis of fact to be found in this statistical research for the position that the good investment stocks are at least selling for what they "are worth"—on an industrial depression basis at that. This whole discussion is probably the real answer to why investment stocks return such miserly cash dividend yields under current business and financial conditions.

*Buying Earning Prospects*

What can the investor who desires income hope to find among the investment stocks of this class? As noted in the early part of this article from 40 stocks in this particular group of leading stocks, his income would average 4.36 per cent at recent prices. As long as there remains some reasonably good prospect of nearby improvement in business conditions and growth in earning power, the investor who is buying income does not have a very likely prospect of doing much better in this class of common stocks. It is hardly to be expected that the price earnings ratio for investment stocks will remain a constant. It will continue to vary with changing business conditions in the future as it has in the past. But right now it is nearer to the "12 times earnings" of 1925

(*Please turn to page* 836)

# The Relation of Earnings to Market Price

## A Compilation of Leading Companies at Three Significant Periods

All figures except "price earnings ratio" express millions of dollars

| | 1925 | | | 1929 | | | 1930 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net Income | Market Value Common Stock as of 12/31/25 | *Price Earnings Ratio | Net Income | Market Value Common Stock at 1929 High | *Price Earnings Ratio | Indicated Net Income First 6 Months | Market Value Common Stock as of 9/1/30 | †Price Earnings Ratio—Annual Basis | Yield on Cash Dividend |
| Allied Chemical | 21 | 248 | 12 | 30 | 773 | 26 | 14 | 620 | 22 | 2.21% |
| American Can | 16 | 122 | 8 | 20 | 455 | 23 | 10 | 327 | 16 | 3.02 |
| Amer. Car & Fdry. | 6 | 66 | 11 | (1)0.6 | 64 | .. | (1)3 | 30 | 10 | 12.37 |
| Amer. Smelting | 15 | 88 | 6 | 18 | 238 | 13 | 6 | 128 | 11 | 5.77 |
| Am. Tel. & Tel. | 107 | 1,309 | 12 | 166 | 4,075 | 25 | 82 | 3,904 | 23 | 4.17 |
| Amer. Tobacco (A and B) | 22 | 233 | 11 | 27 | 585 | 22 | 18 | 595 | 16 | 4.82 |
| Amer. Sugar | 5 | 34 | 7 | 3 | 43 | 14 | NF | 25 | .. | 9.35 |
| Anaconda Copper | 17 | 150 | 9 | 70 | 1,260 | 18 | NF | 398 | .. | 7.69 |
| Atchison | 46 | 323 | 7 | 55 | 722 | 13 | 14 | 532 | 19 | 4.56 |
| Baldwin | 0.2 | 26 | ... | 1 | 54 | 54 | 2 | 27 | 7 | 5.56 |
| Baltimore & Ohio | 21 | 143 | 7 | 26 | 371 | 14 | 11 | 261 | 12 | 6.88 |
| Bethlehem Steel | 14 | 86 | 6 | 42 | 480 | 11 | 15 | 266 | 9 | 7.21 |
| Chrysler Corp. | 17 | 136 | 8 | 22 | 601 | 28 | 3 | 125 | 21 | 10.62 |
| Coca Cola | 8 | 77 | 10 | 10 | 178 | 18 | 6 | 180 | 15 | 3.34 |
| Columbia Gas | 9 | 126 | 14 | 26 | 1,300 | 50 | 12 | 713 | 29 | 3.25 |
| Commercial Solvents | 0.9 | 11 | 12 | 4 | 153 | 38 | 1.5 | 65 | 21 | 3.77 |
| Consol. Gas | 20 | 324 | 16 | 55 | 2,095 | 38 | 29 | 1,240 | 21 | 3.68 |
| Eastman Kodak | 18 | 227 | 13 | 22 | 545 | 25 | NF | 498 | .. | 3.64 |
| Endicott-Johnson | 4 | 28 | 7 | 2 | 34 | 17 | 1.2 | 20 | 8 | 10.20 |
| General Electric | 39 | 591 | 15 | 67 | 2,906 | 43 | 30 | 2,138 | 35 | 2.16 |
| General Motors | 106 | 604 | 6 | 237 | 4,002 | 17 | 106 | 1,957 | 9 | 7.33 |
| Goodyear Tire | 21 | 68 | 3 | 14 | 124 | 9 | 6 | 77 | 6 | 9.15 |
| Internat. Harvester | 19 | 130 | 7 | 31 | 626 | 20 | NF | 362 | .. | 3.07 |
| Inter. Nickel | 3 | 75 | 25 | 20 | 1,004 | 50 | 8 | 330 | 21 | 4.17 |

All figures except "price earnings ratio" express millions of dollars

| | 1925 | | | 1929 | | | 1930 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Net Income | Market Value Common Stock as of 12/31/25 | *Price Earnings Ratio | Net Income | Market Value Common Stock at 1929 High | *Price Earnings Ratio | Indicated Net Income First 6 Months | Market Value Common Stock as of 9/1/30 | †Price Earnings Ratio—Annual Basis | Yield on Cash Dividend |
| Inter. Tel. & Tel. | 5 | 168 | 34 | 18 | 822 | 46 | 6 | 304 | 25 | 4.82% |
| Johns-Manville | 3 | 36 | 12 | 6 | 182 | 30 | 2 | 71 | 18 | 3.12 |
| Kennecott Copper | 24 | 246 | 10 | 52 | 984 | 19 | NF | 318 | .. | 8.96 |
| Montgomery Ward | 11 | 91 | 8 | 13 | 544 | 42 | NF | 166 | .. | 8.33 |
| National Dairy Prod. | 3 | 60 | 20 | 21 | 435 | 21 | 13 | 338 | 13 | 3.60 |
| New York Central | 49 | 517 | 16 | 78 | 1,187 | 15 | 23 | 815 | 18 | 4.89 |
| Packard | 12 | 100 | 8 | 25 | 480 | 20 | 6 | 187 | 15 | 7.92 |
| Paramount Publix | 6 | 40 | 7 | 16 | 199 | 12 | 8 | 193 | 12 | 6.52 |
| Pacific Gas & Elec. | 8 | 63 | 8 | 11 | 310 | 26 | 6.5 | 330 | 25 | 3.48 |
| Public Service N. J. | 10 | 83 | 8 | 22 | 755 | 34 | 11 | 522 | 24 | 3.59 |
| Pullman | 16 | 226 | 14 | 18 | 334 | 18 | 10 | 271 | 13 | 5.71 |
| Radio | 3 | 51 | 17 | 10 | 719 | 72 | 0.5 | 540 | .. | .... |
| Sears, Roebuck | 21 | 237 | 11 | 30 | 775 | 26 | NF | 342 | .. | 3.41 |
| So. Pacific | 36 | 387 | 11 | 47 | 585 | 12 | 16 | 430 | 13 | 5.19 |
| Standard Gas & Elec. | 6 | 43 | 7 | 10 | 383 | 38 | 6 | 231 | 19 | 3.26 |
| Standard Calif. | 44 | 781 | 18 | 47 | 1,071 | 23 | NF | 780 | .. | 4.14 |
| Standard New Jersey | 111 | 947 | 9 | 121 | 2,061 | 17 | NF | 1,780 | .. | 2.85 |
| Texas Corp. | 40 | 362 | 9 | 48 | 643 | 13 | NF | 510 | .. | 5.80 |
| Texas Gulf Sulph. | 6 | 77 | 12 | 16 | 216 | 14 | 8 | 147 | 9 | 6.88 |
| Union Carbide | 20 | 415 | 21 | 35 | 1,156 | 33 | 13 | 737 | 28 | 3.26 |
| Union Oil Calif. | 10 | 155 | 15 | 15 | 238 | 16 | 5 | 176 | 18 | 4.91 |
| United Gas Imp. | 8 | 196 | 24 | 27 | 1,219 | 45 | 20 | 856 | 21 | 3.24 |
| U. S. Rubber | 14 | 66 | 4 | deficit | 95 | .. | deficit | 31 | .. | .... |
| U. S. Steel | 91 | 696 | 8 | 162 | 2,130 | 13 | 55 | 1,463 | 13 | 4.09 |
| Westinghouse Elec. | 15 | 169 | 11 | 27 | 756 | 28 | 8 | 396 | 25 | 3.27 |
| Woolworth | 25 | 554 | 22 | 36 | 1,014 | 28 | NF | 624 | .. | 2.19 |

*Number of times that total market valuations of shares exceeds total net income
†Based on twice the value of total net income indicated in first half of year 1930

(1)—Year ended April 30
NF—Insufficient data available to calculate indicated 6 months' earnings

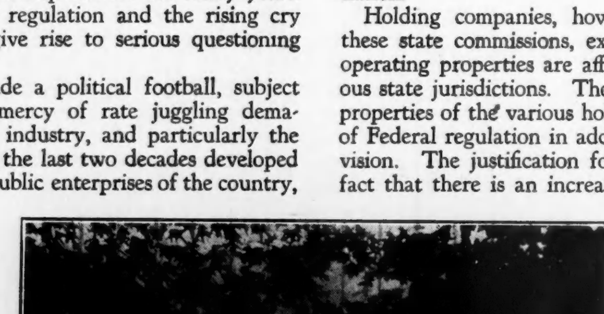
# Will Rate Reductions Hamper Public Utility Progress?

## Politics and Popular Demand Point Toward Lower Rates Which May Be a Blessing in Disguise

By Francis C. Fullerton

THE investment world is anxious about the future of the public utility industry. Indeed, at probably no time in the past few years has sentiment been so cautious and uncertain regarding the status of this huge industry as it is at the present time, more so from a political viewpoint than from any fears regarding the inherent soundness of the industry or its ability to show a continuance although perhaps at a more modest rate, of the remarkable growth which it has experienced for many years. The threats of government regulation and the rising cry for lower rates naturally give rise to serious questioning of future earning prospects.

Will the industry be made a political football, subject to the whims and at the mercy of rate juggling demagogues? The public utility industry, and particularly the electrical branch, has within the last two decades developed into one of the great quasi-public enterprises of the country, taking its place alongside of banking and the railroad industries, and both of these latter have had their innings in politics. Has the time arrived for the public utility industry to come on the carpet? If so, is it logical to except that its present status will be altered by closer regulation, with consequent possible loss of investment prestige of public utility securities?



Regulation of the utility companies at the present time is confined almost solely to the individual states in which the properties are located, practically all the states having a board or commission charged with this responsibility. This power of the states to regulate the operations of utility companies within their boundaries is thoroughly established and is based on the public use to which such property is devoted as well as the fact that most utilities enjoy special rights known as franchises, authorizing the use of streets and other public places. In general, these regulatory commissions have the authority to establish and change rates after proper examination of each particular case, to establish standards governing service, to pass upon the issuing of securities and financing of utility companies, to supervise the accounting systems, and to protect both the public and the utilities against discrimination.

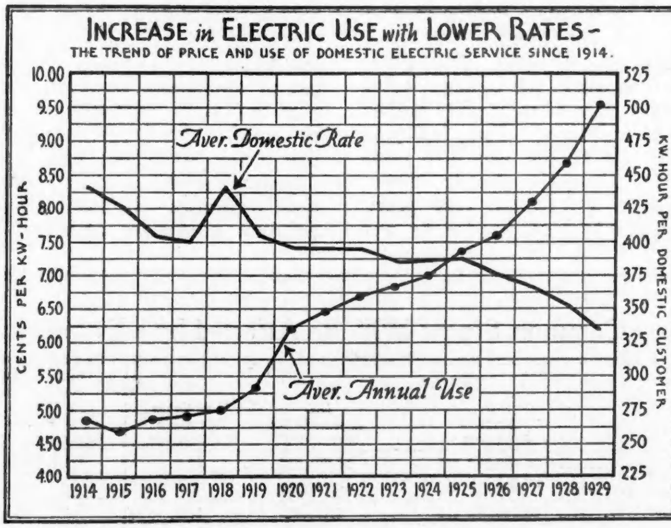
Holding companies, however, are beyond the pale of these state commissions, except insofar as their subsidiary operating properties are affected by regulation in the various state jurisdictions. The wide territorial expanse of the properties of the various holding companies suggests a form of Federal regulation in addition to the present state supervision. The justification for Federal regulation lies in the fact that there is an increasing tendency toward interstate operations in the utility field. The large scale interconnections of electrical transmission lines to form super-power systems extending over several states, the rapid development of long distance natural gas pipe line systems, and the rapid growth of long distance telephone service give rise to problems which are not in the power of individual state bodies to regulate, but would fall within the jurisdiction of a Federal body. The amount of electric energy transmitted between states is still small compared with the total generated, but it is steadily increasing and is now estimated at not less than 11 per cent as against only 4 per cent in 1925.

Aside from the question of some form of Federal regulation of the utilities, a development which is gradually taking shape and will no doubt defi-

nitely materialize at some date in the future, the question of rates is in the political arena at the present moment. The sharp drop in the general level of commodity prices since the crash in the stock market last October has focused attention on the rates charged for utility services, particularly for electricity.

If sharp reduction in rates can be forced on the electric power companies through political coercion, the immediate effect on the earnings will be detrimental, although the long range result may be favorable as we shall see later on. Considering the financial structure of many public utility companies, both operating and holding, the earnings on the common stock equity may be markedly reduced temporarily, and in some instances even the securities prior to the common stock may be affected. The utility industry represents a total investment of over $27,000,000,000, of which the electric power and light branch accounts for approximately $11,000,000,000 and the gas industry, including both manufactured and natural, accounts for about $5,150,000,000.

One highly important factor favoring the utility companies in a fray involving them in politics is the widespread ownership of their securities by the public who, incidentally, are also their customers. The customer ownership movement has grown steadily until now it is estimated that there are over 3,000,000 holders of public utility securities in the country, a large portion of whom own shares in the particular companies by which they are served. In the last fourteen years these customer-owners have purchased more than 20,000,000 shares of stock in electric power and light companies alone. This widespread distribution of securities represents a practical form of public ownership of utilities, and there can be no question but that it does improve public relations and helps to protect the utilities from unwarranted and destructive political attacks.




*Power to Make Rates Vested in Utility Companies*

Agitation against the public utilities will always be circumscribed by certain rights and general principles of regulation that have been established on the basis of a long series of commission and court cases. Regulation, whether state or Federal as it may be sometime in the future, is subject to the limitations imposed by Federal or state constitutions. The state, for instances, through the exercise of its regulatory powers may not encroach upon the domain of management. Property rights, moreover, as defined by the Constitution cannot be violated.

Primarily, the power to make rates remains in the public utility company. If a commission attempts to force a rate schedule upon a company which is unsatisfactory to the latter and this is contested in court, the burden of proof rests upon the commission as the person attacking the present rates as illegal. The acceptance of a rate schedule on the part of the utility company without litigation, therefore, is in the nature of a mutual agreement. The rates, whether made by the company or the commission, however, must be just and reasonable. Such a rate equitably divides the spread between the cost of supplying the service and the value of the service to the user.

The question of a fair return to the utility companies involves not only the rate which should be allowed but the valuation of the properties on which the rate applies. On a number of occasions, the Supreme Court has given its views of the rates to which a company is entitled from public service authorities. In the most significant of the recent decisions—that dealing with the United Railways and Electric Co. of Baltimore—the Supreme Court, on January 6, 1930, pointed out that present-day conditions must determine primarily what constitutes a fair return. A fair return on capital investment in public utilities which might have been proper several years ago may not be adequate for either the present or the future.

*Valuation Problem Complications .*

Of equal importance to the rate of return allowed is the basis of property valuation. This has been fairly definitely defined by the Courts as present replacement value, or the depreciated present reproduction cost of the properties. In accordance with the Indianapolis Water case, it is necessary to make "an honest and intelligent forecast as to the probable price and wage levels during a reasonable period in the future" in arriving at the reproduction cost of utility property.

The whole valuation situation may become complicated in the future through a long continued drop in the general price level. Obviously during a period of rising prices, the utility companies are in an advantageous position because reproduction cost of their properties will always be higher than the actual cost, and the returns allowed them on the basis of replacement value will benefit the junior equity or the holders of the common stock of the company. In the last year, however, prices of commodities and materials have dropped sharply and in the opinion of some competent economists will trend downward over a period of years to come. Consequently, utility companies may find themselves in the position where the replacement value will be less than the actual cost of the properties to them. Overcapitalized companies particularly may be affected by a readjustment as a result of this development.

Counteracting this influence is the steady expansion of the utility companies to keep up with the rapid growth in the demand for their services. Electric output has increased at the rate of about 11 per cent per annum and gas although less spectacular has also shown an upward trend, the manufactured product increasing approximately 5.5 per cent per annum since 1921. The aggressive merchandising campaigns of the utility companies all over the country to increase the use of electric and gas appliances in the home, the ever-increasing demand for power by industries, and large scale adoption of natural gas as a fuel both for domestic and industrial use are factors on which

are predicated the continued expansion of the utility companies. The steady addition of the new and enlarged facilities required to keep up with the growth in demand will tend to average the cost of properties, thus minimizing changes in price levels, either upward or downward.

The potential undeveloped market for utility services is still a tremendous one particularly in the household field where revenues are more lucrative. Take electricity for instance. Domestic use has been increasing every year for a long period, the average home today consuming about 502 kw.-hrs. a year, comparing with only 268 kw.-hrs. in 1914, but if each of these homes were completely equipped with electric servants, at least ten times as much current would be required.

### *Lower Rates Stimulate Use*

As the use of electricity has increased, the customers have benefited from lower rates. In 1929, for instance, the average domestic consumer increased his use of electricity by 43 kw.-hrs. or 9.4 per cent, but the average price paid declined from 6.55 cents per kw.-hr. in 1928 to 6.18 cents in 1929, or 5.7 per cent. This reduction meant a saving of approximately $36,000,000 to the domestic consumer in the United States. The accompanying shart shows the trend of consumption by the domestic customer and the rates since 1914. The present rate represents a decline of 25.5 per cent from 1914 and 16.5 per cent from the 1921 level.

The effect of rate reduction is to stimulate consumption and nearly always to the extent where the company after the lapse of a reasonable period reaps a larger gross income than was the case before the reduction. Thus, last year when the average price paid per kw.-hr. was 6.18 cents the average annual bill for domestic electric service amounted to $31.02 as against $30.10 the year previous when the average rate was 6.55 cents per kw.-hr. and $26.50 in 1922 when the average rate was 7.39 cents.

Utility companies understand the principle of lower rates well and voluntarily have put these into effect from time to time either because their own operating results have warranted such action and they wish to pass on to the consumer savings made possible through larger and more economical operations, or they may lower rates with the sole purpose of stimulating consumption of gas or electricity thereby. Many companies have adopted a scientific rate, graduated according to the amount of current used by the customer. This is a promotional or inducement form of rate and has been found of great value in increasing the use of appliances and equipment, at the same time being equitable to the customer who benefits through lower rates, and profitable to the company as well. The aim of the utility companies is to have a low domestic top rate and a schedule which will encourage use. It is well known that the small use domestic customers seldom pay their way, but through the inducement form of rate they will be encouraged to make greater use of the electric and gas facilities which are available to them at progressively more favorable rates. In many localities moves have been made to institute inducement rates and wherever adopted they are generally credited with being the ideal rate structure.

A tremendous market for electricity lies ahead of the utility companies in the intensive cultivation of the household appliance field. More than half the homes wired for electricity are still without any electric appliances except the flatiron. The groundwork for a rapid increase in the use of appliances, however, has been laid and over the next few years large gains in electric consumption should be noted. So important is this phase of the business that many companies have special household appliance departments who conduct aggressive selling campaigns in their territories. In 1929 the total of appliance sales to domestic consumers amounted to $808,000,000 besides

## How Utility Common Stocks Will Be Affected by a Decrease in Rates*

| System | Gross Revenues | Net Available for Common (3) | % of Gross Available for Common | Change in Common Stock Earnings in % with: 10% drop in gross and 10% gain in output | 10% drop in gross and 15% gain in output |
|---|---|---|---|---|---|
| American Gas & Electric | 71,030,242 (2) | 18,791,818 | 26.4 | Decr. 3.8% | Inc. 13.2% |
| American Power & Light | 88,222,149 (2) | 11,587,746 | 13.1 | " 7.6% | " 26.7% |
| American Waterworks & Elec. | 55,060,661 (1) | 6,490,612 | 11.8 | " 8.7% | " 29.2% |
| Associated Gas & Electric | 68,903,253 (2) | 13,176,838 | 19.1 | " 5.2% | " 19.0% |
| Consolidated Gas of N. Y. | 222,524,048 (2) | 54,402,418 | 24.5 | " 4.1% | " 14.3% |
| Electric Power & Light | 59,852,615 (2) | 5,409,727 | 9.0 | " 11.1% | " 38.8% |
| Engineers Public Service | 52,109,228 (1) | 5,310,255 | 10.2 | " 9.8% | " 34.4% |
| Louisville Gas & Electric | 10,338,097 (2) | 2,154,533 | 20.7 | " 4.8% | " 16.8% |
| Middle West Utilities | 162,337,274 (2) | 15,843,068 | 9.8 | " 10.2% | " 35.9% |
| National Power & Light | 81,130,401 (1) | 12,211,437 | 15.1 | " 6.6% | " 23.2% |
| Niagara Hudson Power | 80,482,132 (1) | 15,906,513 | 19.8 | " 5.1% | " 17.7% |
| North American Co. | 147,278,310 (1) | 28,680,639 | 19.5 | " 5.1% | " 18.0% |
| Pacific Gas & Electric | 65,244,047 (1) | 11,954,275 | 18.3 | " 5.5% | " 19.1% |
| Public Service of N. J. | 138,267,081 (1) | 22,403,800 | 16.2 | " 6.2% | " 21.6% |
| Standard Gas & Electric | 174,890,258 (1) | 11,802,371 | 6.8 | " 14.7% | " 50.8% |
| United Light & Power | 96,672,008 (1) | 7,954,441 | 8.2 | " 12.1% | " 42.5% |
| Utilities Power & Light | 52,348,686 (2) | 6,470,471 | 12.4 | " 8.1% | " 28.3% |

(1) Twelve months ended June 30, 1930. (2) Year ended Dec. 31, 1929. (3) After depreciation and all charges.

* The column giving the percent of gross available for the common indicates the relative "thinness" of the equity shares of the various systems and is the combined reflection of the amount of common stock outstanding to the total capitalization and the operating ratio. A small amount of common relative to the total capitalization would be indicated by a correspondingly small percentage of gross carried through to the common stock. A high operating ratio would likewise be reflected in a small percentage of gross to the common.

The effect of rate reductions on the common stock earnings in the table are purely computations. A decrease in rates would have a proportionate effect on the gross, but consumption would be stimulated. Two estimates are given. The first shows the percent the common stock earnings would decrease with a reduction of 10% in gross and a 10% increase in business, if carried through unchanged to the common stock. The second shows the effect of a 10% reduction in gross and a 15% increase in business. In the computations no distinction is made as to the source of revenue for the different systems.

$727,000,000 worth of alternating current radio sets. This means that American homes spent over a billion and a half dollars for electrical equipment, or more than two and a half times as much as they spent for the current to operate it. In the gas department, there is also a tremendous undeveloped market in the field of domestic household heating. So far, this development has been small, but with the adoption of special low heating rates, this field holds considerable promise.

The future of the public utility industry is contained in the progressiveness and foresight of the men directing the affairs of this huge enterprise. Given the likelihood of the continuation of the remarkable growth which seems inherent in the industry, and the assurance of protection from destructive political rate agitation as reaffirmed by numerous decisions of the highest courts of the country, the utilities should march in the van as soon as industrial and economic progress are again the order of the day. In the past seven years electric output has practically doubled. Another doubling of output by 1937 will not only involve the doubling of plant capacity, the carrying out of which will minimize the effect of lower construction costs on the valuation of the total properties, but will unquestionably bring with it steadily lower rates.

### *Drop in Earnings May Jeopardize Equity Stocks*

Utility common stocks, whether of operating or holding companies, represent equities on which the factors affecting the success of the various companies are magnified. This is so because the common stock in most cases constitutes only a small part of the entire capitalization, and if to this is added the pyramiding in the large superholding companies, the effect of a change in earnings is greatly increased or decreased, as the case may be, in terms of earnings per share. The thinness of the common stock equity is illustrated in one large company where the common stock and surplus represent but 4½ per cent of total capitalization. In many other instances the common stock equities are so thin that a comparatively small reduction in earnings might completely wipe out the balance of income for share capitalization. The table accompanying this article will serve to guide the readers in estimating the effect of declining earnings on the common stocks of the important utility systems, brought about either by forced rate reductions or a drop in business, and also the effect of an increase in out-

(*Please turn to page* 836)

# Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Recent Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Panama 5½s, 1953 ....(a) | .... | ... | 102½T | 102 | 5.4 | 5.4 |
| Norway 40-yr. ext. 5½s, '65.... | .... | ... | 100F | 102 | 5.4 | 5.4 |
| Dominican 5½s, 1942....(a) | .... | ... | 101 | 95 | 5.8 | 6.1 |
| Haiti 6s, 1952 ....(b) | .... | ... | 100 | 95 | 6.3 | 6.4 |

## Railroads

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Recent Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Atchison, Top. & S. F. Conv. 4s, 1955.. | 273.3 | 5.68 | 110 | 93 | 4.3 | 4.5 |
| Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d) | .... | X | 102½T | 98 | 4.6 | 4.6 |
| Great Northern Gen. A 7s, 1936....(b) | 139.8 | 2.41 | .... | 111 | 6.3 | 4.6 |
| Illinois Central 4¾s, 1966.... | .... | 1.85 | 102½('36)T | 101 | 4.7 | 4.7 |
| Pennsylvania 5s, 1964 .... | .... | 4.54 | 102T | 105 | 4.7 | 4.7 |
| Central Pacific Guar. 5s, 1960....(a) | .... | 2.72 | 105('35)T | 105 | 4.9 | 4.9 |
| Southern Railway Dev. & Gen. 6s, 1956. | 133.8 | 2.23 | .... | 115 | 5.2 | 4.9 |
| Missouri Pacific 1st & Ref. 5s, 1977.(a) | 94.6 | 1.70 | 105A | 102 | 4.9 | 4.9 |
| N. Y., Chic. & St. L. Ref. 5½s, 1974.(a) | 58.8 | 2.21 | 105 | 108 | 5.1 | 5.0 |
| Western Pacific 1st 5s, 1946....(b) | .... | 1.25 | 100 | 99 | 5.1 | 5.1 |
| Chic. & W. Indiana 1st Ref. 5½s, 1962. | 49.9 | X | 105 | 106 | 5.2 | 5.1 |
| Central of Georgia Ref. 5½s, 1959.... | 30.9 | 1.57 | 105A('34) | 105 | 5.2 | 5.2 |
| Wabash Ref. & Gen. 5½s, 1975....(a) | 61.6 | 2.08 | 105A('35) | 105 | 5.2 | 5.2 |
| Nor'n Pacific Ref. & Impr. 6s, 2047.(a) | 165.6 | 2.48 | 110('36) | 114 | 5.2 | 5.2 |
| Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b) | 14.2 | X | 107½T | 108 | 5.6 | 5.4 |
| Balt. & Ohio Ref. & Gen. 6s, 1995...(a) | 285.3 | 2.03 | 107½A('34) | 110 | 5.4 | 5.4 |
| Minn., St. Paul & S. S. M. 1st 4s, 1938. | .... | 1.58 | .... | 90 | 4.4 | 5.6 |

## Public Utilities

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Recent Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Pacific Gas & Elec. Gen. Ref. 5s, 1942.. | 29.0 | 2.26 | 105T | 103 | 4.8 | 4.6 |
| Montana Power Deb. 5s, 1962....(a) | 33.3 | 3.14 | 105T | 103 | 4.8 | 4.6 |
| Columbia Gas & Elec. Deb. 5s, 1952.... | .... | 4.62 | 105T | 103 | 4.9 | 4.8 |
| Consol. Gas of N. Y. Deb. 5½s, 1945.(a) | 191.1 | 5.40 | 106T | 107 | 5.1 | 4.8 |
| Utah Power & Light 1st 5s, 1944.... | .... | 2.83 | 105 | 102 | 4.9 | 4.8 |
| Hudson & Manh'n 1st Ref. 5s, 1957..(b) | 5.9 | 2.76 | 105 | 101 | 4.9 | 4.9 |
| Detroit Edison 1st & Ref. 6s, 1940..(b) | 14.0 | 3.27 | 107½T | 108 | 5.5 | 4.9 |
| Arkansas Power & Lt. 1st & Ref. 5s, 1956 ....(c) | 2.0 | 2.45 | 105 | 100 | 5.0 | 5.0 |
| Indiana Natural Gas & Oil Ref. 5s, 1936 | .... | 2.87 | .... | 100 | 5.0 | 5.0 |
| Northern Ohio Tr. & Lt. Genl. & Ref. 6s, 1947, "A" ....(a) | 8.4 | 2.20 | 110 | 105 | 5.7 | 5.5 |
| Amer. W. Wks. & El. Deb. 6s, 1975..(a) | 12.7 | 1.53 | 110 | 107 | 5.6 | 5.6 |
| Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d) | .... | 1.93 | 105 | 96 | 5.2 | 5.6 |
| New Orleans P. S. 1st & Ref. A, '52.(a) | 9.7 | 1.32 | 104 | 92 | 5.4 | 5.6 |

## Industrials

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Recent Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Midvale Steel & Ord. Conv. Coll. 5s, 1936 ....(a) | .... | 4.77 | 105 | 102 | 4.9 | 4.6 |
| Gulf Oil Deb. 5s, 1947....(c) | .... | 13.04 | 104AT | 104 | 4.8 | 4.6 |
| Allis Chalmers Deb. 5s, 1937....(a) | .... | 6.29 | 103T | 102 | 4.9 | 4.7 |
| Youngstown Sh. & Tube 1st 5s, 1978.(a) | .... | 6.86 | 105T | 105 | 4.7 | 4.7 |
| Sinclair Pipe Line 5s, 1942....(a) | .... | 5.33 | 103 | 102 | 4.9 | 4.8 |
| International Match Deb. 5s, 1947...(a) | .... | 9.81 | 109T | 101 | 4 9 | 4.9 |
| Amer. Cyanamid Deb. 5s, 1942.... | 0.3 | 10.58 | 100 | 99 | 5.1 | 5.1 |
| Chile Copper Deb. 5s, 1947....(a) | .... | 10.20 | 102T | 97 | 5.1 | 5.2 |
| National Dairy Prod. Deb. 5¼s, '48.(a) | 0.6 | 10.40 | 103½ | 100 | 5.2 | 5.3 |

## Short Terms

| | Prior Liens (Millions) | Interest Times Earned on All Funded Debt | Call Price | Recent Price | Current Income | Yield to Maturity |
|---|---|---|---|---|---|---|
| Humble Oil & Ref. Deb. 5½s, '32...(b) | .... | 13.59 | 102½A | 102⅝ | 5.4 | 3.9 |
| Amer. Cotton Oil 5s, May 1, 1931.... | .... | 10.47 | 105 | 100⅝ | 4.9 | 4.3 |
| N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 ....(a) | 17.1 | 2.21 | 102 | 102 | 5.9 | .. |
| Smith (A. O.) 1st S. F. 6½s, 1933..(a) | .... | 34.45 | 101T | 103¼ | 6.3 | 5.1 |

## Convertible Bonds

| | | | | | | |
|---|---|---|---|---|---|---|
| Inter'l Tel. & Tel. Deb. 4½s, '39.... | Com.@63.9 | 3.07 | 102½ | 107 | 4.2 | 3.6 |
| N. Y., N. H. & Hart. 6s, '48.... | Com.@100 | 2.39 | .... | 123 | 4.9 | 4.2 |
| Baltimore & Ohio Conv. 4½s, '60.... | Com.@120(h) | 2.03 | 105 | 101 | 4 4 | 4.4 |
| Atch., Top. & S. F. Deb. 4½s, '48.. | Com.@166.6 | 5.68 | 102 | 131 | 4.3 | .. |
| Texas Corp. 5s, 1944.... | Com.@70 | 18.08 | 102T | 104 | 4.8 | 4.6 |
| Chesapeake Corp. Col. Tr. 5s, '47.... | C & O@196 | 2.84 | 100 | 101 | 4.9 | 4.9 |
| Amer. Inter'l Corp. Deb. 5½s, '49... | Com.@80 | 1.49 | 105 | 100 | 5.5 | 5.5 |

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935. (h) Convertible after February 1, 1931.

## NORFOLK & WESTERN

# A Bargain on the Basis of Earnings

### Strong Financial Position—Efficient Operation—Strategic Location—Consistent Earner

By T. C. Horton

WITH the necessity of absorbing a heavy burden of investment and speculative uneasiness engendered by the recent drought and prospective rate reductions superimposed upon a drastic decline in traffic and revenues, market quotations of representative railroad shares have recovered only moderately from the low point of last June. Until recently there have been no developments in general business conditions, which might be construed as marking the early stages of a recovery, and in the face of these combined circumstances, the caution of the investor in availing himself of the numerous investment opportunities presented is readily accounted for. Evidence, however, to substantiate the belief that the worst aspects of the depression are gradually passing is coming to hand and while it does not follow that business recovery will be spectacular, it should be sufficiently convincing to restore high grade rail stocks to investment favor.

A careful survey of the results achieved on the part of the country's leading railroad systems this year discloses the encouraging fact that among those issues which have attained a recognized investment status, there is little, if any, prospect of unfavorable dividend action. There also exists an unanimity of financial strength to invite further confidence to this select group. Norfolk & Western affords a conspicuous illustration of these two features. Based on earnings reported thus far in the current year, Norfolk & Western is providing a wider margin of safety for dividends than any other carrier. At the close of last year, cash and marketable securities exceeded $52,000,000. Other factors combine to create an enviable investment position for the shares, as will be revealed by further analysis.

**Operating Record of Norfolk & Western**

| | 1929 | 1928 | 1923 |
|---|---|---|---|
| Average mileage operated | 2,241 | 2,241 | 2,238 |
| Freight revenues | $106,351,499 | $97,501,584 | $81,380,794 |
| Passenger, mail, etc. | 9.280,253 | 9,445,527 | 14,113,893 |
| Total operating revenues | $117,631,752 | $106,947,111 | $95,494,687 |
| Total operating expenses | 66,051,248 | 66,521,696 | 72,623,799 |
| Net operating revenues | $51,580,504 | $40,425,415 | $22,870,888 |
| Distribution of Operating Expenses: Per Cent of Gross Revenues: | % | % | % |
| Maintenance of way and structures | 12.61 | 14.47 | 12.99 |
| Maintenance of equipment | 17.73 | 18.64 | 26.32 |
| Traffic | 1.23 | 1.27 | 1.04 |
| Transportation | 22.02 | 24.88 | 33.42 |
| General and miscellaneous | 2.57 | 2.94 | 2.28 |
| Operating ratio | 56.15 | 62.20 | 76.05 |
| Net railway operating income | $44,208,196 | $34,204,058 | $19,877,677 |
| Fixed charges | $5,061,817 | $5,082,618 | $4,761,566 |
| Net income | $41,780,461 | $30,727,043 | $18,629,596 |

The territory traversed by Norfolk & Western has played a highly important role in developing and sustaining the earning power of the road. Extending westward from Norfolk, the road passes through the vast bituminous coal fields of western Virginia and southern West Virginia, thence northwesterly to Portsmouth, Ohio. At this point branches extend to Columbus and Cincinnati, where there is a heavy interchange of traffic with the Pennsylvania System. Another branch, connecting with the Southern Railway at Winston-Salem, North Carolina, runs northward, crossing the main line at Roanoke and extending to Hagerstown, Maryland. It is at once apparent that Norfolk & Western is in an advantageous position to move traffic to the Great Lakes, the Northwest, the important industrial areas of Ohio, the Eastern Seaboard and to the South. Notwithstanding the fact that total mileage operated by the road is but slightly over 2,200 miles, 59,712,795 tons of revenue freight were moved last year, or more than 26,650 tons per mile as contrasted with 24,585 tons per mile moved by Chesapeake & Ohio, which offers the most logical comparison.

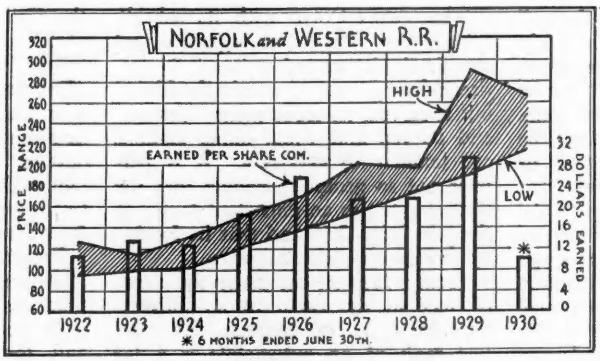
When it is noted, however, that of

the total freight carried nearly 85% consisted of products of mines, of which bituminous coal comprised about 80%, the high density of traffic appears quite remarkable, particularly in the light of wide divergence in the demand and the frequent disturbances arising from labor difficulties in the bituminous fields. Moreover, the volume of freight moved has increased more than 18% during the past five years and during the intervening years the road was relatively immune from the series of adverse conditions confronting the bituminous coal industry. This gratifying evidence of stability is explained by the high quality of the coal in the fields served by the road, most of which are operated by non-union labor. The fact also that subsidiaries of the United States Steel Corp., are large mine operators in the road's territory doubtlessly aids in maintaining shipments at a higher rate throughout the year than might otherwise be the case. Ranking next in importance to the products of mines were manufactured and miscellaneous products, which last year comprised 8.13% of the total freight traffic. While, at first glance, these latter items appear relatively light, the percentage of their contribution to total revenues is more impressive due to the substantially higher rate received for their transportation. In 1929, 14.7% of gross revenues was derived from manufactured and miscellaneous products and 69.4% from products of mines.

*Steady Growth in Operating Efficiency*

The operating accomplishments of the road have been fully on a par with its traffic record and reflect no small measure of credit upon the management. Glancing back at the operating reports for previous years, one is immediately impressed with the marked and consistent increase in efficiency shown since 1923, as revealed by the decline in the ratio of expenses to revenues. In 1923, total operating expenses required 76.05% of total operating revenues and of these expenditures 33.42% went for transportation and 26.32% for maintenance of equipment. By 1929, however, the operating ratio had been reduced to 56.15%, the lowest in the history of the road and one of the lowest of any railroad in the country. It is of particular importance to note that this unusual exhibition of operating efficiency was not achieved at the expense of proper maintenance of way and equipment. Expenditures for maintenance of equipment were $915,060 larger than in the previous year, while outlay for maintenance of way and structures was $637,658 lower. The most conspicuous reduction occurred in transportation expenses, an item which might have been expected to increase in response to the heavier movement of freight. Contrarily they were $712,000 less than in 1928, despite an increase of more than $10,684,000 in gross revenues. Stated otherwise, transportation expenses last year were less than $26,000,000 as compared with $32,000,000 in 1923.

At the end of last year a total of 1514 miles of road were laid with 130-pound rails and this fact emphasizes the progress made by the management in improving the property for at the end of 1924 there was a total of only




376 miles of 130-pound rails. Norfolk & Western at the present owns over 40,000 freight cars in active service and while this number may appear unduly large in relation to the road's mileage, it is adequately justified by the heavy volume of traffic. In addition, the road derives considerable revenue in the form of equipment rentals from other carriers.

*Coal Holdings*

Norfolk & Western owns approximately 300,000 acres of coal and mineral land in West Virginia and Virginia, of which about 177,000 acres are leased to operating companies, Norfolk & Western engaging neither in the mining nor sale of coal. Income from the properties is derived mainly from the royalties paid by operators and from the sale of timber. Net income from this source in 1929 amounted to $543,535, after allowing for expenses, taxes, interest and sinking fund requirements, an increase of $226,916 over the previous year.

The company's balance sheet, as of December 31, 1929, discloses a number of gratifying changes during the year. Total assets increased $27,626,720, to $542,286,235; investment in property and equipment increased $11,376,010; investments in stocks and bonds increased $16,451,238; and profit and loss surplus was nearly $25,000,000 larger. Current assets were $17,412,984 and current liabilities $6,386,737, as compared with $20,618,128 and $6,398,598 at the end of 1928. Cash and marketable securities were in excess of $53,000,000, a factor which might conceivably attain considerable importance in shaping the ultimate merger destinies of the road.

The capital set-up of Norfolk & Western is a well balanced one, with bonds comprising only 41% of total capitalization. Funded debt amounting to $115,405,532 is equivalent to approximately $52,000 per mile of road and falls considerably short of being a burdensome obligation as indicated by the fact that total gross revenues last year exceeded total indebtedness by about $2,000,000. Moreover fixed charges were earned better than nine times. The practice of the road in financing its requirements in the past by issuing convertible bonds has been largely responsible for maintaining the equitable balance between funded indebtedness and stock capitalization. At the present time there are 229,923 shares of 4% adjustment preferred stock $100 par value, and 1,406,483 shares of common stock. Dividends have been paid to common shareholders at varying rates and without interruption since 1901. Regular payments in late years have been augmented by extras and total disbursements last amounted to $12 per share, including $4 extra. In March of this year, the shares were placed on a $10 annual basis, the previous rate of $8 having been paid since the beginning of 1927.

In each of the twelve months last year, gross revenues were higher than in the corresponding month of 1928. Even in the final months of the year when the majority of carriers were feeling the effects of the depression, Norfolk & Western was successful in maintaining a high level of earnings. For the full year gross revenues totalling $117,631,751 were the largest in the road's history, with the single exception of 1926, in which year the British coal strike resulted in an exceptionally heavy movement of eastbound freight over the company's lines. By virtue of extremely efficient operation last year, however, a larger percentage

*(Please turn to page 838)*

## THE TEXAS CORPORATION

# Markets on a National Scale

### Thoroughly Integrated Oil Presents Interesting Opportunity

By HENRY RICHMOND, JR.

THE "romance of the oil industry" is a generality so frequently heard that this phrase has almost attained the status of a truism, but in no specific case does it apply more descriptively than to the growth of the Texas Corporation. The history of this company follows very closely that of the entire industry—a story of the vast and rapid development of one of the world's most indispensable single natural resources. From an original capital of less than $2,000,000, this small independent oil company has grown until it has become the fourth most important unit in the entire petroleum industry, the largest of the so-called independents, with a capital and surplus closely approaching the half billion dollar mark. It is one of the few companies with a truly national distribution of its products.

The organization dates from 1902, when the Texas Co. was incorporated in Texas. Later, certain profitable operations due to changes and expansion in the industry were found to be impossible on account of a limited charter and in order to avoid these disadvantages, it was decided to create a new company. The Texas Corp., formed under the laws of Delaware, was the result. The present company is empowered to act as a holding company and also as an operating company, but operations may be carried on in Delaware only. In practice its activities are those of a holding company only, operations being in the hands of some thirty subsidiaries, together with their own subsidiaries, and three affiliated companies. The principal of these are the Texas Co. (Delaware) and and the California Petroleum Corp. (Virginia), itself a holding company, controlling the Texas Co. (California), and others.

The Texas Corp. with its subsidiaries is one of the best organized and completely integrated units of the entire industry—not a state in the Union but is served, its trade name "Texaco" and its red and white filling stations are familiar to everyone. It is perhaps not so generally known that the company is also an important factor in the producing field and that its foreign operations are most extensive.

From where oil lies many thousands of feet in the earth to its ultimate destination in, for instance, the gasoline tank of an automobile is a far cry. It must be brought to the surface, stored, transported, to the refinery, refined, transported to a bulk station, stored, transported to the filling station and from there pumped to the car. The great strength and stability of the Texas Corp. lies in its ability to perform all of these operations. The vastly greater part of the gasoline sold under the name Texaco has never left the company's hands since the time of its origin as that dirty, evil-smelling, viscous liquid—crude oil.

*Ample Reserves*

In order to assure itself of adequate reserves, the Texas Corp. has pursued a policy of vigorous expansion in the production department. $21,000,000 was spent in 1929 bringing the two-year total to about $45,000,000. Much of this was spent for land and the balance for geological research. At the end of 1929 the total property controlled amounted to some 6,800,000 acres of land, of which about 5,600,000 was located in the United States, principally in Texas, Oklahoma and California. In addition to this the company has a half interest in about three-quarters of a million acres in Venezuela through the California Petroleum Corp. (Virginia) which owns 50% of the California Petroleum Corp. of Venezuela (Delaware). Also, in the Fall of 1928 The Texas Corp. contracted with the Louisiana Land & Exploration Co. to develop over 1,800,000 acres of land. Under this contract three oil wells and two gas wells were drilled, proving four domes for oil or gas.

President R. C. Holmes stated in the 1929 annual report that drilling operations has been confined almost solely to wells for the prevention of drainage and for the protection of expiring leases, but despite this the company's gross production at the end of the year was running 129,000 barrels a day with 43,000 barrels shut in. The Texas Corp. had, upon its own property, at the end of 1929, nearly 7,000 producing wells and accounted for a gross production of 50,700,000 barrels of crude oil during the year. Most of this came from California, Texas and Oklahoma and represented an increase of 14% over 1928. Incidentally, royalties average about 19%, so by deducting this amount it is possible to arrive at a figure for the company's net production. In addition to its own crude oil production the company purchased 37,000,000 barrels from others, principally in California.

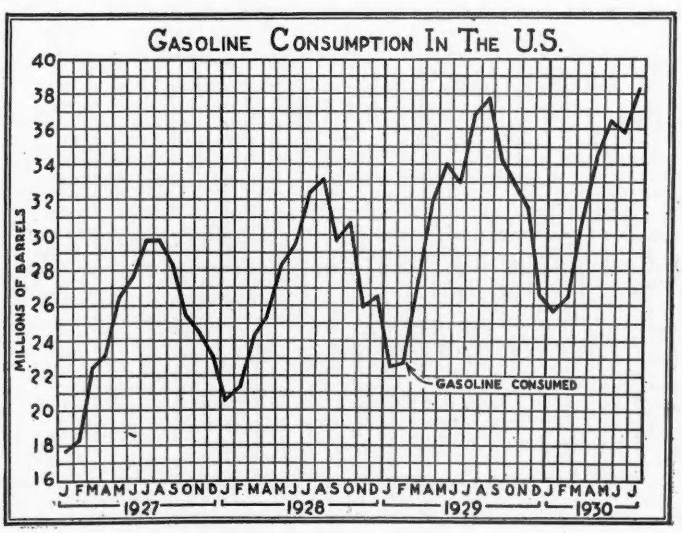
*Extensive Refining Capacity*

The large capital outlays made on behalf of the production department have already been mentioned, and in the case of the refining department they have been but slightly less. For the two years 1928 and 1929 The Texas Corp. has expended some $40,000,000 in the erection of new refineries, expansion of others and general remodeling. The company's refineries now

number sixteen, having a normal daily capacity of crude oil amounting to 200,000 barrels not including topping plants and asphalt plants, and are strategically located throughout the United States. Crude run to stills during 1929 was 57,323,200 barrels an increase of 4% over 1928, but it is particularly noteworthy that the gasoline manufactured from this amounted to 29,057,997 barrels, an increase of more than 15%. This improvement is the immediate reflection of the greater efficiency obtained from the sums expended by the refining department, principally for pressure stills. The percentage of gasoline derived per barrel of crude made a new high record of nearly 54%, disregarding the operations of the California company, which has not yet been entirely modernized. Including the California company the percentage was 48.3 as compared to 43.8 for 1928. Although gasoline is by far the most important product, large quantities of fuel oil, lubricating oil, kerosene and other products were also obtained.

The transportation facilities of The Texas Corp. are more than usually extensive and cover four major departments—pipe lines, tankers, railway tank cars and motor trucks.

It has been seen that The Texas Corp. is a very important unit in the production, transportation and refining of petroleum, but it is from the activities of the distribution department that the phrase "national business" is derived, when applied to this company. In 1929, $19,000,000 was invested by the sales department for improvements, both here and abroad. By far the greater part of the company's raw products are marketed, in a refined state, through its own outlets, said to number about 40,000, and to be seen in every state of the Union. Despite the vastness of the company's domestic distribution, foreign fields have not been neglected and its activities are in fact world-wide. Foreign marketing operations are carried out principally through subsidiaries incorporated abroad and the expansion in this field was covered in the annual report for 1929 by the statement "bulk distributing facilities were completed in the West Indies, Brazil, South Africa, Australia, New Zealand and the Philippine Islands. Can manufacturing facilities were also installed in the Philippine Islands. In England we completed and put into operation bulk facilities for the distribution of lubricating oil."




The company sold during 1929 over thirty million barrels of gasoline, nearly 23 million barrels of crude and fuel oils, in addition to kerosene, lubricating oils, asphalt, paraffine wax and roofing squares.

### *Natural Gas*

Although the production, refining and distribution of petroleum cover the main activities of The Texas Corp., there are others of considerable importance. The company owned 161 producing natural gas wells at the end of 1929 and operated 30 natural gas plants, which produced 3,149,000 barrels of natural gasoline during the year. The Texas Corp. has not been slow to grasp the importance of natural gas as a domestic fuel and is to cooperate with Phillips Petroleum, Columbian Carbon and others in the laying of a natural gas pipe line from the Texas Panhandle to Chicago. The enormous gas consuming power of the Chicago district would appear to assure the success of this project. In addition, under the heading miscellaneous activities could be placed the company's interest in sulphur, from which it received a net profit of $3,664,000 in 1929. There are also persistent reports that this company and others are to commence the retail distribution and servicing of tires and might even enter the manufacturing field. The demoralization existent among tire dealers is well known and should these reports be true a different tone might be given to the whole rubber industry.

The capitalization of The Texas Corp. consists of 9,850,050 shares of common stock, having a par value of $25. There is no preferred stock but ahead of the common is an issue of $100,000,000 5% convertible debentures, maturing in 1944 and funded debt of subsidiaries totaling slightly over $22,000,000.

### *Strong Earning Position*

Gross income has grown tremendously during the twenty-eight years of the company's existence. In fact, it has almost doubled during the last seven years, in 1923 $118,422,367 being reported, while for 1929 a new high record was made with $213,262,170. Net has also shown a remarkable increase, although this has been less consistent than the increase in gross. In 1929, total income amounted to $51,119,629, which compares with $46,875,101 for 1928 and but slightly over $8,000,000 for 1923. These figures are equal to $4.90, $5.43 and $1.23 per share of common stock outstanding at the end of the respective years after deduction of interest and other adjustments.

We have previously referred to the large sums spent in improvement and expansion, principally by the refining and producing departments, during the last two years. About the middle of last year, the directorate felt that the needs of the company demanded more capital, other than that which could be retained from earnings, and the time being opportune, this was done by the sale of the $100,000,000 debenture issue. Some months later the common share capital was increased by the issuance of rights to subscribe to more stock. The subscription ratio being one for every six shares held By these two operations the company succeeded in raising some $156,000,000 and this has resulted, despite formidable expenditures already made, in an extraordinarily strong balance sheet position. Current assets amounted to $272,000,000, around $78,000,000 being cash and marketable securities and against this there was less than $40,000,000 current liabilities, leaving a working capital of $232,000,000. On December 31, 1929, the book value of the common stock was $45.19 per share.

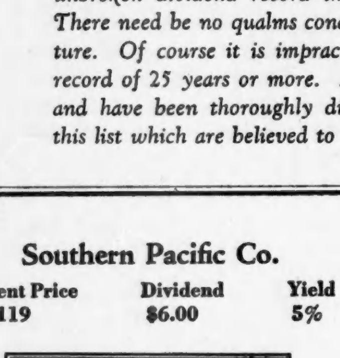
(*Please turn to page* 822)

# Opportunities in Companies Which Have Paid Dividends for 25 Years or More

*It is the periods of adversity which test the real merit of a company; and those who have successfully weathered the storms of a quarter of a century or more, who have been able to maintain an unbroken dividend record throughout such a period are indeed entitled to high investment regard. There need be no qualms concerning the ability of the management or soundness of the corporate structure. Of course it is impracticable to analyze all of the companies who can point to an unbroken record of 25 years or more. As a matter of fact many, if not most of them, are leaders in their field and have been thoroughly discussed in recent issues. We have, however, selected six companies from this list which are believed to be in a particularly favorable market position for present commitments.*

## Southern Pacific Co.

| Recent Price | Dividend | Yield |
|---|---|---|
| 119 | $6.00 | 5% |




A VAST, continually expanding transportation system, comprising among other activities railroads, motor buses, steamers and ferries—Southern Pacific Co. This corporation, primarily an "operating railroad investment trust" controls over 17,000 miles of track, not including yards and sidings. From New York it is possible to take a Southern Pacific steamer to either New Orleans or Galveston and from there travel by rail to almost any point on the Pacific Coast between San Diego, Calif., and Portland, Wash. Or, one can drop off at Phoenix or Nogales, Ariz., and from there travel about a thousand miles into Mexico as far as Guadalajara. Southern Pacific Co. is the only transportation system offering complete transcontinental facilities for both passengers and freight. The company also has substantial interests in bus lines, which operate over nearly 12,000 miles of road. In addition to its transportation facilities, the company controls nearly 9,000,000 acres of land, the greater part in full ownership and on portions of which oil has been found. In all, the physical property of the Southern Pacific Co. represents an investment of well over two billion dollars.

An interesting recent development has been the purchase by Southern Pacific Co. of a substantial portion of the outstanding capital stock, both common and preferred, of the St. Louis Southwestern ("Cotton Belt"). The amount already bought represents about 35% of control and permission has been asked from the Interstate Commerce Commission to acquire full control. Should this be granted, Southern Pacific Co. would add nearly 2,000 miles to its system, extending northwards from Shreveport, La., to St. Louis, Mo., and touching at Memphis, Tenn., and Cairo, Ill.

The capitalization of Southern Pacific Co. as of December 31, 1929, consists of 3,723,818 shares of common stock of $100 par value. There is no preferred stock and the total funded debt, including equipment obligations, funded debt of subsidiaries and guaranteed bonds, amounts to nearly $700,000,000. The book value of the common stock was more than $167 per share on December 31, 1929.

Both gross and net income made a new high record for the year 1929. Net was $47,434,900, equal to $12.74 per share and compares with $10.48 for 1928 and $9.05 for 1927, based upon the number of shares outstanding at the end of each year. The present dividend rate is 6% on the common stock of $100 par value and this has been paid continuously since 1908.

Revenues commenced to decline during the last quarter of 1929 and have since continued to make poor comparisons with recent years. As a consequence it is estimated that little more than $8 per share can be expected for the full year 1930, but with even a moderate business revival Southern Pacific will readily regain its old earning power. The common stock listed on the New York Stock Exchange and now selling around 119 has an enviable record for price stability as well as for dividend payments and amply meets the requirements of the conservative "long-pull" common stock investor.

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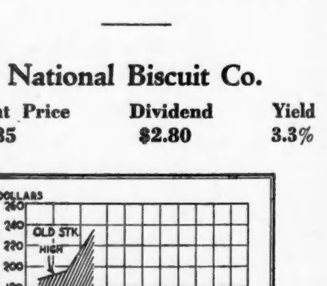
## National Biscuit Co.

| Recent Price | Dividend | Yield |
|---|---|---|
| 85 | $2.80 | 3.3% |




AN examination of the record of National Biscuit Co. should convince anyone of the "depression proof" characteristics of the food manufacturing business. This company, incorporated under the laws of New Jersey in 1898, never reported a deficit and has progressed and expanded until it has become the world's largest manufacturer of biscuits, a power in the bread-breaking and allied fields and a threat to the makers of breakfast foods. Even now, the expansion policies of National Biscuit

Co. show no signs of slowing up. During 1930 Pacific Coast Biscuit Co. and others have been acquired and, in the recent past Shredded Wheat Co., Holland Rusk Co., Iten Biscuit Co. and Christie Brown & Co., Ltd., became subsidiaries, mostly by an exchange of stock. Not only is the company expanding in its own field, but gives indications of development to the point where less reliance will have to be placed upon others for raw materials and supplies. The acquisition of National Milling Co. on December 31, 1925, has reduced flour costs materially, while the completion in the latter part of 1929 of a new carton factory at Beacon, N. Y., will result in large economies in eastern operations.

National Biscuit Co. now operates over sixty cracker, bread and cake bakeries, the majority of which are owned. From these plants the product is moved to distributing agencies and from there to the customers' stores. Most of this large and complicated transportation problem is handled by the company's own equipment.

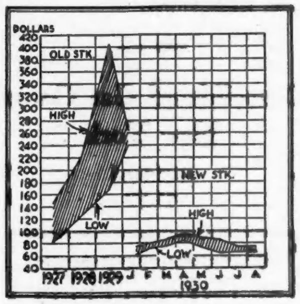
Capitalization consists of 6,206,755 shares of common stock of $10 par value, giving effect to the various acquisitions and to the 2½ for 1 split, which took place early this year. There are also 248,045 shares of 7% cumulative preferred of $100 par value but no funded debt.

Net income for the year 1929 was $21,422,000, equal to $8.21 per share on the old $25 par stock and compares with $17,822,000 or $7.31 per share for 1928. On the basis of the new stock these earnings were equal to $3.28 and $2.92 respectively. For the six months ended June 30, 1930, National Biscuit Co. reported earnings equal to $1.48 per share, which compares with $1.55 shown for 1929 on the same basis. The manner in which earnings have been sustained in the face of general depression is quite marked. National Biscuit Co. is the world's largest single consumer of flour and sugar, and falling commodities during a time of depression do much to increase the company's margin of profit and make up for any decrease in the volume of sales.

Dividends on the common stock have been paid in every year since the incorporation of the company, making an unbroken record stretching over three decades. The present rate of $2.80 does not afford a particularly attractive yield at the present price of 85, but the past history of the company, a very strong balance sheet position and the admitted excellence of the management, would indicate that any hardship imposed upon an investor buying at this time is unlikely to be permanent.

## General Electric Co.

| Price | Dividend | Yield |
|---|---|---|
| 74 | $1.60 | 2.16% |




THE common stock of General Electric Co. deservedly merits a high investment rating, not only because the concern at the present time is the foremost in its field, nor because within the memory of many investors which in many cases does not extend back further than a decade the company has steadily progressed to greater and stronger position, but also because the stock is a seasoned dividend payer with an unbroken record extending back to 1899.

General Electric has long been recognized as being the leading manufacturer of practically every conceivable type of electrical equipment, but in addition the company has widely ramifying interests through investments in domestic and foreign organizations of related nature. The past record of the company has been one of brilliant achievements, to a large measure the result of the extensive scientific research engaged in by the organization, all of which has contributed tremendously to the general industrial efficiency and welfare of the country. In fact through diligent research the company keeps well ahead of the times and when the stage is set for new developments in its line, it is in the forefront to capitalize on these.

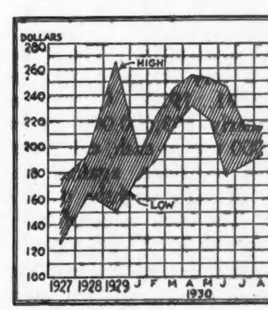
The widely diversified output of the company and the extensive markets which it enjoys by virtue of its worldwide scope is an important feature tending to stabilize the earnings, and is of particular value during periods of business hesitancy such as we have been passing through this year. For instance, sales of the company for the first six months of 1930 actually were $3,000,000 greater than the corresponding period of 1929, while net profits for the common stock were only slightly less. The large amount of unfilled orders which are on the company's books at all times assure it of fairly even operations.

Another important source of income is the company's investments in associated companies, which together with royalties received contributed nearly 32% of the total net income in 1929. The company follows ultra-conservative methods of accounting, particularly with reference to depreciation and obsolescence. It is believed that on a more ordinary basis, the company could report earnings from 40% to 50% higher if it wished to do so. In addition, General Electric's undistributed equity in the earnings of associated companies was equivalent to 43 cents per share of common stock last year.

The company has 28,845,927 shares of common stock outstanding of no par value, and in addition 4,293,248 shares of 6% special stock $10 par, and a small amount of funded debt of slightly over $2,000,000. Earnings on the common stock last year amounted to $2.24 a share against $1.78 in 1928. The first six months of the current year showed net of $1.01 a share which compares with $1.07 during the corresponding period last year. The results for the full year 1930 will probably be below the 1929 earnings, but with a gradual recovery in business which is reasonably expected in the near future, General Electric should again show consistent trend toward higher earnings. From the standpoint of income, the common shares offer little inducement, but to the investor with an eye to the future the stock is an attractive holding.

## Eastman Kodak Co.

| Recent price | Dividend | Yield |
|---|---|---|
| 220 | $8 (inc. extras) | 3.64% |




THERE are few manufacturers of specialties whose products are not only known all over the home country, but are famed throughout the world. Eastman Kodak Co., a holding company incorporated in New Jersey in 1901, is one of this select minority. Operations are carried out by sixty-one wholly owned subsidiaries and eighteen partly owned affiliates, making the Eastman Kodak organization the world's leader in the manufacture and sale of photographic apparatus and supplies, including

sound and color devices. The company is intensely progressive, both as regards its products—the research department is second to none in equipment and talent—and also as regards sales and service development. Distribution facilities are now located in 162 cities in 50 countries and service stations for the users of Cine-Kodak are steadily being extended and can now be found in 52 widely separated cities of the world. Eastman Kodak Co. maintains plants in the United States, England, France, Germany, Hungary and Australia. Of these, the largest is located upon about 400 acres of land in Rochester, N. Y., and is known as Kodak Park. Here, an extensive building program has been started, which will very materially increase the capacity of the plant. This expansion will involve the expenditure of approximately $15,000,000 and will take three years to complete.

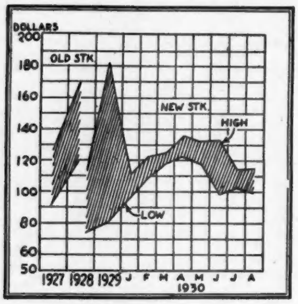
The present capitalization of the company consists of 2,261,320 shares of no par common stock and 61,657 shares of 6% cumulative preferred of $100 par value. There is no funded debt of any kind. Eastman Kodak has shown remarkably consistent earning power. Net profits for 1929 amounted to $22,004,916, within $100.000 of that shown for both 1928 and 1927. Not once during the last seven years have net profits fallen below $17,200,000. Earnings for 1929 were equal to $9.57 per common share, which compares with $9.60 and $9.61 for the two previous years, based upon the number of shares outstanding at the end of each year. Incidentally, the preferred having its dividend earned between fifty and sixty times in each of the last seven years can almost be classed as a gilt-edged investment. The company reported a very strong position as of December 31, 1929. Current assets totaled nearly $93,000,000, of which $50,000,000 was in cash, call loans and marketable securities, against current liabilities of only slightly over $15,000,000. The book value of the common stock was $62.87 per share.

The present annual dividend rate on the common stock is $5, but extras in every year since and including 1923 have averaged $3 additional. The company has succeeded in paying a dividend for every full operating year, since its formation in 1901.

It has been reported that the present business depression has affected adversely only some of the company's luxury lines, while in the main the sale of the more staple products has been unaffected. The common stock of Eastman Kodak Co. represents a part-ownership in an unusually strong, soundly managed and more than ordinarily progressive business and despite the fact the yield on the present price of around 220 is small, there are many indications that past progress is to be continued to the ultimate benefit of the common stockholder.

## Consolidated Gas Co. of New York

| Price | Dividend | Yield |
|---|---|---|
| 110 | $4.00 | 3.6% |




An unbroken dividend record extending back to 1884 is the distinction attached to the common stock of Consolidated Gas Co. of New York. Indeed, the company has been liberal with its shareholders, increasing its disbursement to them in the final quarter of 1929, after the collapse of the stock market and in the face of an expected period of general business uncertainty during the ensuing months arising from the crash. As the premier electric and gas utility in the world, the company is vested with all the qualities of stability which are generally associated with the operations and earnings of public utility companies.

The territory in which the system operates, the metropolitan area of New York City, is one of the most densely populated in the world and has a heavy consumer field. Through subsidiaries it supplies all the gas and electric service in the boroughs of Manhattan and the Bronx, all the electricity in Brooklyn, and all the electricity and part of the gas in Queens. Practically the entire county of Westchester, a rapidly growing suburban territory to the north of the city, likewise is served with electricity and gas. Noteworthy gains have been made in electric output year after year, and in 1929 an increase of 11.5% over the preceding year was registered. Gas sales, on the other hand, have shown a stationary tendency for some years, but through a special low rate for house heating purposes, the company hopes to increase the use of gas considerably in this large potential field which holds out promising possibilities.

Consolidated Gas is currently very much in the news by virtue of the reduction in rates which the Public Service Commission has requested the company to put in force. The company has stated its willingness to reduce rates, but only if the basis is changed from the present flat rate for residential consumers to a promotional or inducement plan of rate structure whereby the consumer is billed an initial meter charge, and then pays for service on a graduated schedule, decreasing according to the amount used. The schedule which the company wishes to adopt will mean a reduction in revenues of over $5,000,000 at the present time, but wherever adopted, the inducement form of rate structure has nearly always resulted in a rapid increase in the use of facilities by consumers. The use of electric and gas appliances and equipment are greatly stimulated because the additional cost for the service becomes progressively lower.

Consolidated Gas does not issue interim earnings reports so that the results so far this year are not definitely known. However, judging from the results of other large utility companies operating in comparable territory, output and earnings are probably holding up well despite somewhat depressed business conditions. The effect of lower rates, of course, would at first be toward reducing earnings, but lower rates as mentioned above stimulate consumption to a point where the difference is more than made up within a reasonable time.

Last year, the company reported earnings of $4.75 on its common stock as against $4.52 in 1928. The current dividend is $4 per year returning a yield of over 3.6% at the recent price of 110. In addition to the excellent prospects in its own territory, the company has possibilities from the viewpoint of future power tie-ups in New York State and the North Atlantic region.

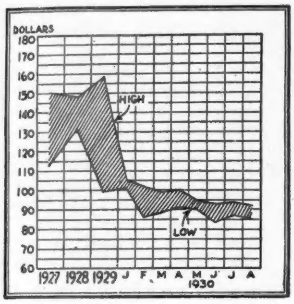
## United Fruit Co.

| Price | Dividend | Yield |
|---|---|---|
| 87 | $4.00 | 4.6% |

United Fruit Co. has the enviable record of having paid dividends every year since its inception in 1899. This exceptional showing is but a reflection of the outstanding success of the enterprise which has developed an earning power ranking among the steadiest of any in the industrial world. Consistent expansion for more than thirty years under a capable and experienced management has literally made the enter-

prise an empire with revenues derived from many diverse sources.

The company specializes in tropical agricultural products, but the largest single source of income lies in the importation of bananas into the United States and Europe. These are raised chiefly on its own plantations in countries bordering the Caribbean Sea where the company owns tracts of improved and unimproved lands in more than seven countries. Originally, banana growing represented a comparatively hazardous undertaking, because




frequent and extensive crop losses were caused by tropical storms and insect visitations, thus cutting off the source of supply and disrupting schedules. Scientific research, however, has enabled United Fruit to develop cultivation methods tending to make immune their plantations from insect and fungi scourges, and producing a high quality of fruit at low cost. The wide geographical distribution of its plantations, moreover, minimize the storm hazard and make the company's source of supply highly secure. The acquisition of Cuyamel Fruit Co. in January of this year has materially added to the already strong position of the company which now accounts for one-half of the world's total banana production.

The company is also an important sugar and cacao producer. Indeed, it is one of the five largest producers of sugar in Cuba, and although current operations are not profitable because of the extremely depressed price of this commodity, the properties are modern and very efficient, so that when conditions improve profits may again be realized. Through ownership of the Revere Sugar Refining Co. with plants at Boston, the company has an integrated unit in the industry.

In connection with transporting its products, the company operates a large fleet of steamships. An extensive passenger and tourist business has been built up in addition to cargo transport and is now an important source of income. A comprehensive radio service

(*Please turn to page 822*)

# Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

## Railroads

| | Div. Rate $ per Share | Earned $ per Share 1927 | 1928 | 1929 | Redeemable | Recent Price | Yield % |
|---|---|---|---|---|---|---|---|
| Norfolk & Western........... | 4 (N) | 133.40 | 133.73 | 182.20 | No | 88 | 4.5 |
| Atchison, Top. & S. Fe........ | 5 (N) | 40.47 | 40.21 | 49.18 | No | 108 | 4.6 |
| Union Pacific ................ | 4 (N) | 39.85 | 46.32 | 49.48 | No | 86 | 4.7 |
| Baltimore & Ohio ............ | 4 (N) | 38.44 | 49.44 | 48.87 | No | 81 | 4.9 |
| Pere Marquette Prior ........ | 5 (C) | 64.08 | 75.60 | 55.50 | 100 | 97 | 5.2 |
| Colorado & Southern 1st...... | 4 (N) | 57.76 | 49.45 | 41.72 | No | 76 | 5.3 |
| Southern Railway ........... | 5 (N) | 36.17 | 32.11 | 30 21 | 100 | 92 | 5.4 |
| N. Y., Chicago & St. Louis.... | 6 (C) | 20.31 | 17.68 | 20.49 | 110 | 106 | 5.6 |
| N. Y., New Haven & Hart.... | 7 (C) | 22.05 | 34.40 | 45.47 | 115 | 119 | 5.8 |
| Kansas City Southern........ | 4 (N) | 9 04 | 14.01 | 16.02 | No | 67 | 6.0 |
| **St. Louis, San Francisco.... | 6 (N) | 15.28 | 17.44 | 20.76 | 115 | 95 | 6.3 |
| Colorado & Southern 2nd...... | 4 (N) | 53.76 | 45.46 | 37.72 | No | 62 | 6.5 |
| Missouri, Kans. & Tex........ | 7 (C) | 13.06 | 16.34 | 14.31 | 110 | 95 | 7.4 |

## Public Utilities

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Amer. Lt. & Traction........ | 1½ (C) | 12.72 | **17.20 | **21.38 | No | 30 | 5.0 |
| Public Service of New Jersey | 8 (C) | §16.28 | 20.92 | 19.04 | No | 155 | 5.2 |
| Pacific Gas & Elec. 1st....... | 1½ (C) | 3.49 | 4.24 | 4.57 | No | 28 | 5.4 |
| Engineers Publ. Serv. (w. w.) | 5½ (C) | .... | 8.79 | 17.65 | 110 | 101 | 5.4 |
| North American Co. .......... | 3 (C) | 31.74 | 40.22 | 47.48 | 55 | 56 | 5.4 |
| Columbia Gas & Electric "A" | 6 (C) | 25.42 | 30.78 | 33.95 | 110 | 109 | 5.5 |
| United Light & Power Conv.. | 6 (C) | .... | .... | 15.42 | 105 | 110 | 5.5 |
| Philadelphia Co. ............. | 3 (C) | 28.06 | 21.75 | 27.58 | No | 55 | 5.5 |
| American Water Works & El. | 6 (C) | 24.30 | 31.05 | 39.11 | 110 | 105 | 5.7 |
| United Corp. ................. | 3 (C) | .... | .... | 4.66 | 55 | 51 | 5.9 |
| Hudson & Man. R. R. Conv.. | 5 (N) | 40.70 | 37.02 | 42.89 | No | 82 | 6.1 |
| Standard Gas & Electric...... | 4 (C) | 16.76 | 14.07 | 20.39 | No | 66 | 6.1 |
| Federal Light & Traction..... | 6 (C) | 39.67 | 49.93 | 51.72 | 100 | 95 | 6.3 |
| Electric Power & Light....... | 7 (C) | 16.21 | 17.00 | 19.03 | 110 | 110 | 6.4 |
| Amer. & Foreign Pow. 2nd.... | 7 (C) | 3.58 | 5.33 | 8.82 | 105 | 98 | 7.1 |

## Industrials

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hershey Conv. ............... | †5 (C) | .... | 16.25 | 21.36 | No | 102 | 4.9 |
| Mathieson Alkali Works...... | 7 (C) | 74.06 | 84.50 | 93.91 | No | 132 | 5.3 |
| Bethlehem Steel Corp......... | 7 (C) | 16.32 | 19.16 | 42.24 | No | 127 | 5.5 |
| Case (J. L.) Thresh. Mach.... | 7 (C) | 38.43 | 32.59 | 35.06 | No | 126 | 5.6 |
| Deere & Co.................. | 1.40 (C) | 5.15 | 5.90 | 9.64 | No | 24 | 5.8 |
| Stand. Brands, Inc., Cum. A. | 7 | 125.34 | 123.40 | 129.41 | 120 | 121 | 5.8 |
| Brown Shoe .................. | 7 (C) | 44.12 | 85.27 | 44.11 | 120 | 116 | 6.0 |
| General Cigar ............... | 7 (C) | 67.32 | 62.81 | 85.92 | No | 116 | 6.0 |
| Bush Terminal Buildings..... | 7 (C) | ‡ | ‡ | ‡ | 120 | 116 | 6.0 |
| Bucyrus-Erie ................ | 7 (C) | .... | 39.34 | 48.31 | 120 | 116 | 6.0 |
| Crucible Steel ............... | 7 (C) | 22.47 | 22.54 | 32.66 | No | 114 | 6.1 |
| International Silver .......... | 7 (C) | 30.82 | 27.48 | 23.82 | No | 110 | 6.3 |
| Bush Terminal Debentures.... | 7 (C) | 18.88 | 20.55 | 22.34 | 115 | 109 | 6.4 |
| Baldwin Locomotive .......... | 7 (C) | 12.21 | 1.66 | 11.50 | 125 | 108 | 6.5 |
| American Sugar ............. | 7 (C) | 7.97 | 14.60 | 15.40 | No | 108 | 6.5 |
| Commerc. Investm. Trust 1st. | 6½ (C) | 24.36 | 45.50 | 81.92 | 110 | 99 | 6.6 |
| Associated Dry Goods 1st...... | 6 (C) | 24.10 | 24.55 | 23.91 | No | 91 | 6.6 |
| Radio Corp. of Amer. "B".... | 5 (C) | .... | .... | 19.44 | 100 | 71 | 7.0 |
| Tidewater Asso. Oil conv...... | 6 (C) | 7.36 | 19.49 | 19.10 | 105 | 84 | 7.1 |
| Goodyear Tire & Rubber...... | 7 (C) | 13.80 | 18.90 | 28.69 | 110 | 94 | 7.4 |
| U. S. Smelting, Ref. Mining. | 3.5 (C) | 6.28 | 8.43 | 9.91 | No | 47 | 7.4 |

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. † Regular rate, $4.

EDITORIAL PAGE

# Building Your Future Income

## An Informative Department On Estate Building

## *The New Business*

IF it is true that we can profit by the experiences of others, here is a story that should have a practical point to it. The story opens with a note that is not entirely unfamiliar. From a small concern which he owned, a certain gentleman was able to harvest some $50,000 surplus over liberal living expenses within the past few years. This fund was more or less temporarily placed up to a little more than a year ago. Then he was offered an interest in another small concern engaged in quite another line of business and with very attractive prospects of future earnings. After some negotiations, the gentleman who plays the main role in this story turned the proposition down. This was his reasoning:

"I think that I had better stick to my own business" he said at the time. "It has taken me twenty years to learn all of the tricks in my line. In another man's business I would be an 'outsider,' dealing with factors which were unfamiliar to me and I could hardly expect to be as successful as I have been able to be in my own particular business. If I were a younger man, I might set out to learn the tricks in a new field but at my age I think it better to stick to my own line."

So far so good. But still, the problem of finding a suitable investment for the $50,000 remained. One alternative would have been to place his funds in well secured investment bonds. But he had become accustomed to making money at a good deal faster rate than he would have received by loaning out his funds against good security. In his own business he had learned to buy and sell rather shrewdly—why not apply the same knack to the purchase of stocks for profit and turn over his money to better advantage? The business of trading in securities for profit is open to every one with sufficient capital.

Still, so far, good. But he overlooked one important fact that strongly impressed him in his previous negotiations. In the security field, he was an outsider—thoroughly ignorant of securities, unfamiliar with the common practices in handling securities on a trading basis and too impatient at the time to spend the time and effort to learn a few important fundamentals about the security business. So he opened an account, sought from "friends" good tips on stocks about to make a big move. Through the grace of a benevolent goddess Fortune, he got off to a good start and seemed to be on the road to quick riches.

But now his capital has been seriously impaired. Having salvaged the remains of a bad financial mess a few months ago, he is now holding these remains intact until he has had time to educate himself on stock values and financial practices. He is preparing himself for real success in the "new business."

# Budgeting for Investment on a Moderate Income

## A Savings Plan Which Emphasizes the Importance of Financial Education

By L. M. Applegate

Most of the investment advice available to the public with modest incomes emphasizes the desirability of very conservative investments such as life insurance, savings and loan association accounts, bonds, and other investments paying not over six per cent. Frequently the small investor becomes impatient with the slowness of ultra-conservative fortune building, and in the absence of adequate investment information risks his money in highly speculative ventures. This could be avoided if he had an accurate knowledge of investments in general.

But to accumulate such knowledge is no small task. Furthermore, even when the knowledge is at hand, the investor of modest means is handicapped by his inability to open an account with a responsible broker, due to the small commitments he is able to make. This difficulty can be overcome, however, by dealing with a brokerage firm of high standing which handles small accounts on a partial payment plan, until enough money is accumulated to open an ordinary brokerage account and operate independently. Carrying such an account has the added advantage of giving the small investor opportunity for diversification, which is a splendid protective measure.

Many of us are confronted with just such a problem. As an illustration, let me take our case My husband's salary is a moderate one, as salaries go these days. The monthly distribution of our expenses is approximately as shown in the accompanying budget.

**Our Budget**

| | |
|---|---|
| Rent | 20% |
| Power and Food | 15% |
| Clothing | 10% |
| Equipment for House | 5% |
| Transportation and Communication | 5% |
| Personal | 10% |
| Education | 5% |
| Investments | 25% |
| Organizations and Entertainment | 5% |

Our system of accounting is to have a little book which we call our household expense book. On the first page of this book is an index, which includes a classification similar to the above. Each item is arranged in the book from the point of view of relative importance, and space is allowed for daily entries, monthly totals, and, finally, a total for the year. We do not use a rigid budget system because of its lack of flexibility.

Of the items in the above classification, "Education" and "Investments" are the only ones which differ from the usual budgets. Education includes books and periodicals, and tuition expenses for myself at a nearby university where I am studying subjects pertaining to finance. Relatively few people can attend a university, but information gained through the study of books and periodicals is open to all. The two publications for which we subscribe are the daily newspaper and The Magazine of Wall Street; the former for immediate financial information, and the latter for a digest of this information, a store of facts on different corporations, and an investment guide. We also gather together bulletins published by brokerage houses and financial firms containing information of value to add to our store of knowledge. The information obtained from these sources is summarized in tables and graphs which we use in conjunction with an investment problem.

So much for "Education." The next point for discussion is how we make our investments. Of course, my husband carries both life and accident insurance. The former is a $10,000 government policy; the latter is a $5,000 accident policy. We consider this sufficient insurance for people of our income preferring to emphasize investment rather than protection. We make our investments in stocks and bonds on the partial payment plan suggested in the first part of the article. Our educational program is pursued with the expectation of opening an account for trading in securities when we have attained sufficient backlog in investments and enough knowledge to handle the account properly.

Such is our plan for Estate Building. It probably will not be suitable for every investor, but we hope it contains ideas and suggestions which will aid other people with modest incomes in their goal for financial independence.

The educational feature would at least protect them against the mistakes of the uninitiated.

# The Middle-Aged Man Plans His Estate

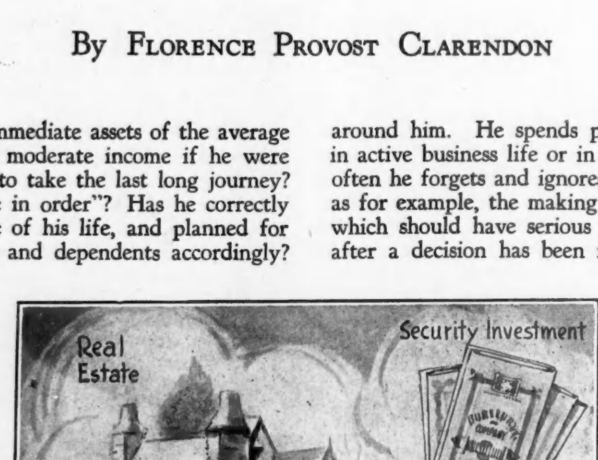
## Life Insurance the Ultimate Protective Measure, Irrespective of the Scope of Previous Investments

By Florence Provost Clarendon

WHAT would be the immediate assets of the average middle-aged man of moderate income if he were unexpectedly called to take the last long journey? Has this man "put his house in order"? Has he correctly estimated the economic value of his life, and planned for protection of his loved ones and dependents accordingly?

The Middle Aged Man. Let us assume that to mean between 40 and 50 years old, and for convenience sake, let us say that he is now 40. He has the responsibilities of a family man; the maintenance of the home; the education of his children, with college or other special courses to finance after their earlier schooldays.

This man of 40 or thereabouts must now be rising to the peak of his career. Doubtless he has built up something of an estate long ere this by means of conservative investment, and he probably carries some life insurance. He may own his home—or will own it after he has paid off the mortgage now covering it. If he is in business for himself, or is partner in a firm, his business as well as his family adds its share of personal responsibility for it too must be protected against his untimely passing.




He has his problems and his responsibilities, this middle-aged man, but he can meet them, surmount them, and smile at them because he has weathered storms before, and has brought his craft successfully through troubled waters to port.

These years of middle age are the crucial period of a man's career. It is the time when it is definitely decided whether his old age will be spent in peace and comfort, or whether he will continue in the sunset years the struggle of existence, accompanied by disappointment and blasted hopes.

The active man of 40 to 50 has a family growing up around him. He spends practically all his waking hours in active business life or in some form of recreation. Too often he forgets and ignores some quite important element, as for example, the making of a will. This is a document which should have serious consideration and quick action after a decision has been made. Too many people consider so long the manner in which their will should be drawn that death overtakes them before the document is written and signed.

Many people fail to take into consideration that the will drawn today may not be probated for ten or twenty years in the future, when conditions of the estate may have materially changed. The thoughtful man will not make fixed bequests in his will and leave the "residue" inflexibly tied, for if his business ventures prove successful the *residue* may be ten or twenty times as much as the "fixed bequests" and out of all proportion to the amount he visualized when making his will in earlier years. A wise old lady whose will was recently probated divided her "residue" into *twenty* portions. These portions were then allotted to charities and other beneficiaries in whom she had a personal interest, the share of each increasing or diminishing according as the realizable value of the estate went up or down. The man between 40 and 50 whose estate is normally increasing with his years is at an age when foresight of this character is essential, and is an indication of his prudence and business acumen in other particulars.

### *Cash Needed*

In planning the estate it must be remembered that there should be a certain amount of *immediate cash* to meet the usual costs incident to the sickness and death of the bread-

winner, and the expenses which arise when it becomes necessary to reorganize the family life. There should also be provided an income, however modest, which will be sufficient to support the family till they can learn to fend for themselves.

The practical way to fill these needs is through life insurance, since it supplies ready money within a few hours after claim is made to tide the family over this crucial period. With money in hand to meet immediate expenses, the necessity of hasty liquidation of securities may be avoided and the possibility of loss through forced sales.

A practical plan for the man of 40 is the 25-payment life form. In the happy event that he lives to his 65th year, his life insurance is free from further premium payments; he has a paid-up policy in the face value for his beneficiary, or in case protection for a dependent is no longer needed at that time there is an ample cash value which may be used by the insured towards old age maintenance.

### *Approximate Costs*

A policy for $20,000 on the 25-payment life plan when taken at age forty requires an annual premium of about $545, non-participating basis; or about $720 annually according to the figures of a large and progressive *participating* company conveniently at hand. The participating premium is reducible by annual dividends: roughly, $130 to reduce the second premium, and perhaps as much as $260 to $280 in reduction of cost between the 20th and 25th years. Moreover these dividends would continue to be paid, in somewhat less amount *after the 25-year premium period is ended.* This builds up an attractive addition to the face amount of the policy when such dividends are left to accumulate at interest. Assuming that this life insurance of $20,000 were left to the beneficiary as income, she would receive over $80 a month during her life, leaving the principal intact to go to the family.

### *Covering Known or Possible Obligations*

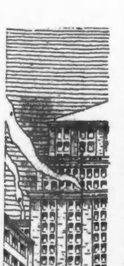
If there is a mortgage on the home, that too should be provided for through life insurance. The man of 40 can cover this obligation at an annual outlay of less than 2½% of the indebtedness by means of an Ordinary Life policy.

To the man who is in business for himself, or is partner in a firm, business insurance is of vital importance. If lack of fluid assets necessitates liquidation on the death of a partner, the deceased's family suffers to the extent of the income it would have derived had the business been continued. Capital is needed, and needed quickly at this vital stage, and the proceeds of an insurance policy carried on the life of the deceased partner will tide over the readjustment period during reorganization of the business.

Care should be taken by the family man in designating the beneficiary under his life insurance policies. If payable to a named beneficiary—wife or children—such proceeds in large amount are free from Federal or State inheritance taxation. If, however, the policies are payable to "Estate" or otherwise, the proceeds must pass through the estate, and there is an ensuing delay which may run to a year in administration, and an inheritance is imposed on these insurance proceeds since they are not designated to be paid to a named beneficiary.

Thus life insurance is seen to play a most important part in estate building. It is a logical "first step" to tide over those early years when the wealth and assets of the average "new" family are small. It may be employed later as an investment medium and compulsory savings vehicle. And it might well complete an estate building program, covering the contingent liabilities that every successful man acquires in the process of building his estate.

## BYFI RECOMMENDS—



### For Saving

1. **SAVINGS BANK.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available for employment in other mediums.

2. **BUILDING & LOAN AND GUARANTEED MORTGAGES** are conservative investments secured by real estate mortgages. Building & loan shares essentially a mortgage investment, are purchasable in monthly installments. Guaranteed mortgages are obtainable in large or small denominations. Both mediums must be selected on their individual merits and the reputation of the association or company.

3. **ENDOWMENT INSURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return should occupy a minor role in the accumulating program.

### For Investment

| Security | Recent Price | Yield % |
|---|---|---|
| 1. Illinois Central 40-Year 4¾s, 1966 | 101 | 4.7 |
| 2. Public Service Elec. & Gas 1st & Ref. 5s, 1965 | 105 | 4.7 |
| 3. Standard Oil of N. Y. deb. 4½s, 1951 | 100 | 4.5 |
| 4. Western Pacific 1st 5s, 1946 | 99 | 5.1 |
| 5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978 | 105 | 4.7 |
| 6. New York Steam 1st "A" 6s, 1947 | 108 | 5.3 |
| 7. Chesapeake Corp. Conv. Coll. 5s, 1947 | 101 | 4.9 |
| 8. Associated Dry Goods 1st 6% Pfd. | 93 | 6.5 |
| 9. Hudson & Manhattan Conv. 5% Pfd. | 78 | 6.4 |
| 10. Southern Pacific Common $6 | 119 | 5.0 |

The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed, are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

# Trade Developments Reflect Seasonal Influences

## STEEL

*Industry Faces Test*

DEVELOPMENTS in the steel industry are being carefully watched and, while there has as yet been no evidence of substantial forward buying, sentiment within the industry adheres to the possibility that seasonal activity will give way to a definite upturn which will carry into 1931. During the next few weeks, it should be possible to definitely determine whether the industry will display the buoyant tone so eagerly hoped for or continue to offer stubborn resistance to recovery. For the present, at any rate, there is little prospect that either the automobile or building industries will increase their steel purchases and the extent to which the industry can continue to rely on pipe and structural requirements, the main-

(*Please turn to page* 837)

### THE TREND IN MAJOR INDUSTRIES

STEEL—With definite evidence of business recovery likely to be reflected in the state of the steel industry during the next few weeks, developments are being closely watched. Buying has not as yet reached any considerable volume and hopes are being pinned on the continued firmness of scrap prices, a forerunner of previous recoveries. Finished prices remain unchanged but discord among steel interests is likely to preclude any marked upturn.

PETROLEUM—The statistical position of the industry continues to improve but with consumption of refined products likely to diminish from this point on, it is evident that a crucial period is approaching. It is to be hoped, however, that concerted action within the industry will prevent uncontrolled production and demoralized prices.

AUTOMOBILE—There has been a moderate response to new models and price reductions but the bulk of the business continues to fall to the manufacturers of low priced units. Production is not being permitted to get out of bounds and dealers stocks remain low.

CAR LOADINGS—For the week ended August 30, car loadings totaled 984,504 cars, an increase of 43,955 over the preceding week. While loadings for the week were more than 15% under the same week of last year, the weekly increase was the largest recorded in four years. Of particular interest was the marked gain in the shipments of miscellaneous freight.

RUBBER—Intense competition and a further decline in crude prices to new low levels, combined with a sharp recession in replacement demand and orders for original equipment, are making hard sledding for tire manufacturers and the industry is in dire need of a drastic internal reorganization. Substantial deficits will be shown by the majority of producers.

BUILDING—Contracts awarded for new construction in the thirty-seven states east of the Rocky Mountains in the first week of September totaled $43,840,600, according to the F. W. Dodge Corp. This is at a rate of less than $11,000,000 per business day as compared with an average of $13,358,400 daily in the previous month and $18,517,000 in September, 1929. The poor start which September has made may be accounted for in part by the holiday.

AGRICULTURAL IMPLEMENTS—Domestic sales of agricultural implements will be seriously curtailed by the drought and reduced purchasing power in farming communities. Minus the heavy export demand which sustained operations in the first half of the year, production has been appreciably lowered and earnings in the final half year are likely to be considerably lower than in the initial six months.

ELECTRICAL EQUIPMENT—Demand for industrial and railroad electrification purposes has picked up somewhat recently, although utility demand continues sluggish. Sales of specialty equipment and appliances, such as electrical refrigerators are holding at a high level and radio manufacturers report an encouraging response to new models.

### COMMODITIES*

(See footnote for Grades and Units of Measure)

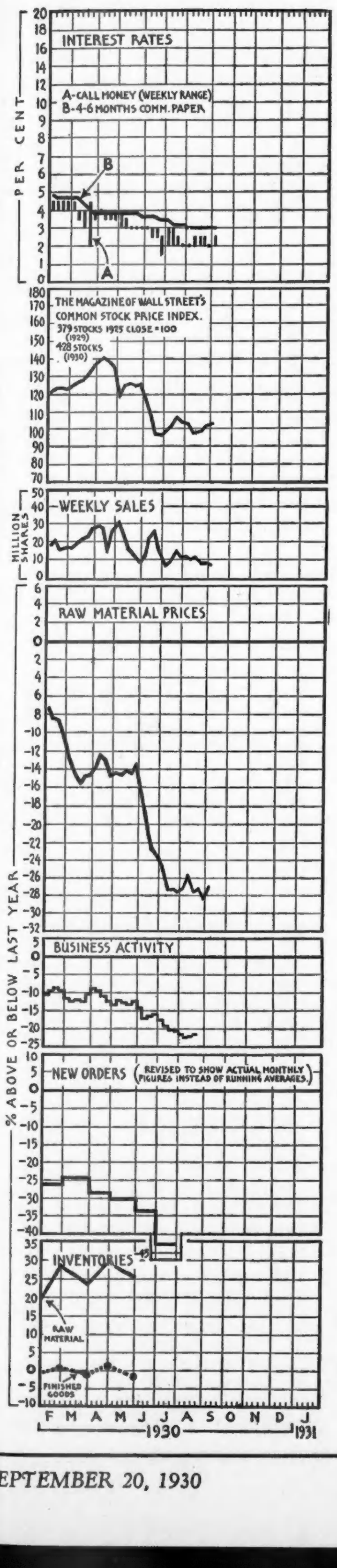
| | 1930 High | 1930 Low | 1930 Last |
|---|---|---|---|
| Steel (1) | $34.00 | $31.00 | $31.00 |
| Pig Iron (2) | 18.50 | 18.00 | 18.00 |
| Copper (3) | 0.17¾ | 0.10⅜ | 0.10⅜ |
| Petroleum (4) | 1.45 | 1.18½ | 1.29 |
| Coal (5) | 1.65 | 1.40 | 1.43 |
| Cotton (6) | 0.17½ | 0.11⅛ | 0.11⅛ |
| Wheat (7) | 1.46⅛ | 1.00¼ | 1.00¼ |
| Corn (8) | 1.19⅛ | 0.92⅜ | 1.16½ |
| Hogs (9) | 11.00 | 9.00 | 11.00 |
| Steers (10) | 16.50 | 10.75 | 12.60 |
| Coffee (11) | 0.10¼ | 0.07 | 0.07 |
| Rubber (12) | 0.16⅝ | 0.09⅛ | 0.09⅛ |
| Wool (13) | 0.34 | 0.28 | 0.31 |
| Tobacco (14) | 0.14 | 0.14 | 0.14 |
| Sugar (15) | 0.03¾ | 0.03⅛ | 0.03⅛ |
| Sugar (16) | 0.05¼ | 0.04¼ | 0.04½ |
| Paper (17) | 0.03⅛ | 0.03⅛ | 0.03⅛ |
| Lumber (18) | 20.33 | 16.78 | 16.78 |

* Sept. 9, 1930.

(1) Billets, rerolling, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) 220-240 lb. wts.; (10) Top, Heavies, Chicago, 100 lbs.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex Crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Cuban 96° duty paid, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

# THE MAGAZINE OF WALL STREET'S INDICATORS

## Business Indexes

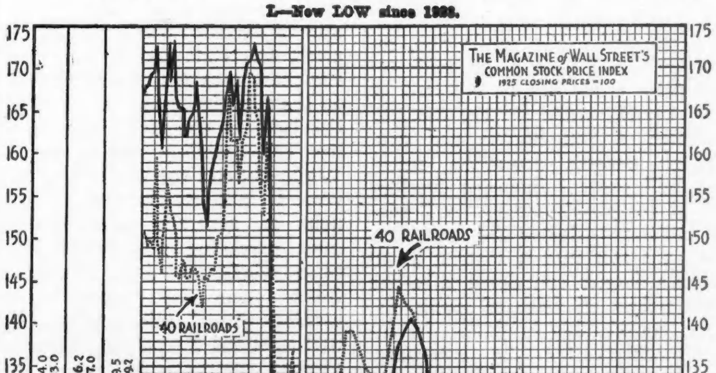



## Common Stock Price Index

(1925 Closing Prices—100)

| Number of Issues in Group | Group | 1930 Indexes (428 Issues) High | 1930 Indexes (428 Issues) Low | Recent Indexes Aug. 30 | Recent Indexes Sept. 6 | 1929 Indexes (379 Issues) Close | 1929 Indexes (379 Issues) High | 1929 Indexes (379 Issues) Low |
|---|---|---|---|---|---|---|---|---|
| 428 | **COMBINED AVERAGE** ...... | 140.7 | 96.1 | 101.0 | 103.1 | 109.0 | 173.1 | 105.6 |
| 40 | **Railroads** .................... | 144.5 | 106.0 | 110.8 | 112.4 | 129.0 | 169.5 | 120.8 |
| 3 | Agricultural Implements ..... | 405.5 | 227.7 | 246.9 | 242.3 | 253.0 | 655.5 | 237.1 |
| 3 | Aircraft (1927 Cl.—100) ..... | 153.1 | 82.2 | 93.2 | 93.0 | 86.0 | 307.1 | 78.0 |
| 8 | Amusement .................. | 272.0 | 123.4 | 191.9 | 192.3 | 129.6 | 266.0 | 121.5 |
| 22 | Automobile Accessories ...... | 118.1 | 68.4 | 76.0 | 76.6 | 84.2 | 212.6 | 82.9 |
| 18 | Automobiles ................ | 78.4 | 45.3 | 46.0 | 48.0 | 54.2 | 134.9 | 52.1 |
| 3 | Baking (1926 Cl.—100) ...... | 74.2 | 42.3 | 45.4 | 54.1 | 43.4 | 96.3 | 39.8 |
| 2 | Biscuit .................... | 248.1 | 189.9 | 226.0 | 229.2 | 189.9 | 287.6 | 177.0 |
| 5 | Business Machines .......... | 262.7 | 181.2 | 196.0 | 200.8 | 219.4 | 385.8 | 205.0 |
| 2 | Cans ....................... | 226.0 | 162.8 | 188.1 | 189.1 | 171.9 | 273.5 | 157.1 |
| 9 | Chemicals & Dyes............ | 243.5 | 161.4 | 191.5 | 196.2 | 220.4 | 363.9 | 204.5 |
| 4 | Coal ....................... | 107.9 | 68.5 | 79.9 | 83.6 | 83.8 | 124.0 | 77.0 |
| 16 | Construction & Bldg. Material | 121.8 | 78.0 | 84.6 | 86.0 | 82.4 | 145.4 | 76.6 |
| 13 | Copper ..................... | 211.7 | 109.6 | 110.2 | 109.6-L | 194.5 | 391.5 | 189.6 |
| 4 | Dairy Products ............. | 125.1 | 81.4 | 110.3 | 110.3 | 86.5 | 146.0 | 73.3 |
| 10 | Department Stores .......... | 51.6 | 33.9 | 36.4 | 36.9 | 38.0 | 86.5 | 37.5 |
| 9 | Drugs & Toilet Articles...... | 142.0 | 106.7 | 115.0 | 114.8 | 128.6 | 199.2 | 119.2 |
| 8 | Electric Apparatus ......... | 239.1 | 166.5 | 192.5 | 195.3 | 172.9 | 298.5 | 151.3 |
| 3 | Fertilizers ................ | 54.4 | 31.7 | 32.6 | 35.3 | 40.8 | 121.4 | 36.5 |
| 2 | Finance Companies .......... | 148.4 | 91.8 | 99.6 | 98.3 | 101.4 | 213.9 | 95.3 |
| 4 | Furniture & Floor Covering... | 119.2 | 56.6 | 59.7 | 62.0 | 109.2 | 209.3 | 102.3 |
| 6 | Household Appliances ....... | 92.5 | 48.5 | 49.5 | 51.6 | 57.8 | 110.8 | 56.6 |
| 4 | Investment Trusts .......... | 184.9 | 113.9 | 120.0 | 122.5 | 125.7 | 406.2 | 113.3 |
| 3 | Mail Order ................. | 170.0 | 99.3 | 112.1 | 110.5 | 132.6 | 418.6 | 127.5 |
| 4 | Marine ..................... | 88.8 | 48.9 | 49.4 | 49.6 | 62.2 | 93.7 | 60.1 |
| 3 | Meat Packing ............... | 58.4 | 41.4 | 41.9 | 44.3 | 54.2 | 104.4 | 51.2 |
| 45 | Petroleum & Natural Gas..... | 142.5 | 101.5 | 101.5 | 102.9 | 106.7 | 171.7 | 104.5 |
| 6 | Phono'phs & Radio (1927—100) | 175.2 | 92.6 | 102.6 | 102.2 | 129.6 | 321.1 | 116.3 |
| 23 | Public Utilities ........... | 305.0 | 215.2 | 235.4 | 235.9 | 224.9 | 388.4 | 194.2 |
| 11 | Railroad Equipment ......... | 115.4 | 76.3 | 81.7 | 84.7 | 99.2 | 136.1 | 95.0 |
| 3 | Restaurants ................ | 153.1 | 117.8 | 129.2 | 129.4 | 127.2 | 180.5 | 117.9 |
| 2 | Shoe & Leather ............. | 116.5 | 73.7 | 79.1 | 81.6 | 79.4 | 178.3 | 76.3 |
| 2 | Soft Drinks (1926 Cl.—100)... | 246.5 | 196.5 | 229.5 | 230.1 | 198.4 | 244.0 | 183.5 |
| 15 | Steel & Iron................ | 146.5 | 98.9 | 101.1 | 102.2 | 117.8 | 173.4 | 112.8 |
| 6 | Sugar ...................... | 45.1 | 19.1 | 19.3 | 20.0 | 39.7 | 81.6 | 39.2 |
| 2 | Sulphur .................... | 268.7 | 204.2 | 233.8 | 241.6 | 214.0 | 295.2 | 191.4 |
| 3 | Telephone & Telegraph....... | 177.2 | 127.5 | 133.7 | 136.0 | 167.8 | 252.3 | 150.1 |
| 6 | Textiles ................... | 70.5 | 42.3 | 46.1 | 45.6 | 49.9 | 128.5 | 48.1 |
| 8 | Tire & Rubber .............. | 39.0 | 19.0 | 22.3 | 19.0-L | 25.6 | 111.4 | 25.6 |
| 13 | Tobacco .................... | 107.3 | 78.8 | 85.6 | 86.2 | 83.4 | 184.6 | 79.6 |
| 5 | Traction ................... | 103.5 | 65.0 | 78.8 | 83.6 | 65.2 | 140.4 | 58.9 |
| 2 | Variety Stores ............. | 88.7 | 66.3 | 78.3 | 79.2 | 88.7 | 138.8 | 83.9 |

L—New LOW since 1928.




*(An unweighted Index of weekly closing prices specially designed for investors. The 1930 index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies).*

·SERVICE·SECTION·

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## CONTINENTAL OIL CO. OF DELAWARE

***Is Continental Oil common likely to go on a dividend basis in the near future? I have heard that there is a strong possibility this action may be taken because of the substantial dividend payment which Continental will receive from Texon Oil & Land Company on October 1. My holdings of Continental—50 shares—cost me 29 last April. Has the time come to average now around 20?—B. D. F., Pasadena, Calif.***

Continental Oil Co. of Delaware in its present form represents a consolidation of business and assets of Continental Oil Co. (Maine) and Marland Oil Co. effected in 1929. The company, a well rounded unit in the industry, is engaged in the production, refining and distribution of oil, with average daily crude output reported at 86,000 barrels, while refinery capacity aggregated 66,760 barrels per day. Although present pro-ration agreements will prevent intensive development of company's acreage in Kettleman Hills area, during the immediate future, the fact that it controls 2,520 acres in a district, considered to be one of the richest oil fields of recent discovery, considerably brightens the future prospects for the enterprise. Moreover, the successful development of Conoco Germ Processed Motor Oil, a high quality lubricant, manufactured under a patent formula, promises to further augment company's earning power in future years. The management has been conservative in its expansion program, and prefers to await seasoning of present activities before acquiring additional properties. Thus, the danger of over-expansion within the company is eliminated. Reflecting lower operating costs, the company reported an increase in earnings for the first six months of current year, in spite of curtailed production and lower prices for crude and refined products. Per share earnings amounted to $0.56 on the common stock for the 1930 initial half, as compared with $0.46 in the corresponding period of 1929. While outlook for the balance of the year is not clearly defined in the light of generally uncertain conditions prevailing within the industry as a whole, prospects during early future years give promise of rapid earnings growth with resultant liberal participations by patient shareholders. Present commitments should be retained on this basis, while additional purchases for the purpose of averaging present holdings should be executed with only long pull profit possibilities in mind.

## TEXAS GULF SULPHUR CO.

***Will you please let me have your latest analysis of Texas Gulf Sulphur common? This stock looks to me as a potential speculative favorite in the expected upturn in the general market. I would, however, like to have your review of its fundamental merit.—H. O. L., Dubuque, Iowa.***

Texas Gulf Sulphur Co. is the largest producer of sulphur in the world, and from point of earnings, production and reserves, surpasses its nearest competitor by a wide margin. Moreover, about three-quarters of the world supply of sulphur is controlled by these two leading enterprises. The management has been aggressive in building up its reserves, latest reports indicating an assured supply for more than forty years. Despite the fact that over 10,000,000 tons of sulphur have been produced from the original dome in Gulf since opening (1919), operations at this deposit are still being maintained at normal levels. However, to meet the growing demand for sulphur, the company placed in operation during March of last year the Boling Dome, and in March of this year the dome at Long Point. Production is now at the rate of 1,600,000 tons of sulphur annually. It should be pointed out, at this time, that no funded debt was incurred by its expansion program, all

*(Please turn to page 824)*

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# *We Announce an*

## A Monthly Adjustable Stock Rating Booklet

IN order to fill the need today for a ready reference book affording a quick and accurate check on the position and prospect of any stock—we announce the monthly publication, beginning October 15, of our "Adjustable Stock Ratings" Pocket-size booklet.

Every stock listed on the New York Stock Exchange as well as every important New York Curb Market security is included. The data for each security was selected after months of study. Unnecessary information has been eliminated. Essential data only, is included.

Assembled in concise form, this booklet gives you *at a glance*—the most important facts—industrial position—diversification of industry—shares outstanding—record of split-ups or stock dividends—special comment and ***ratings according to industrial position and individual standing—information absolutely necessary to every investor.***

***Information as of June 1, 1930 (specimen pages)***

| | Company | Ticker Symb. | Listed | Rating | Business | Funded Debt | Shares Outstanding | Par | DIVIDENDS Rate | Payable | Record Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Abitibi Pwr. & Paper | ABI | N | C2 | Canadian paper mfgr. | $50,000,000 | 988,117 | No | ........ | ........ | ........ |
| 2 | Abraham & Straus | AST | N | B1 | Brooklyn dept. store | 5,150,000 | 155,155 | No | ........ | ........ | ........ |
| 3 | Acme Steel Co. | ACM | C | B4 | Steel hoops and specialties | 1,300,000 | 343,046 | 25 | 4.00 | q-7/1 | 6/20 |
| 4 | Adams Express Co. | AE | N | — | Management Invest. Trust | 9,990,000 | 1,815,150 | No | 1.60 | q-6/30 | 6/14 |
| 5 | Adams-Ellis | ALL | N | C2 | Low priced hosiery | None | 156,000 | No | 2.00 | q-5/1 | 4/19 |
| 6 | Advance Rumely | RX | N | C3 | Farm mach. and accessories | None | 137,500 | 100 | ........ | ........ | ........ |
| 7 | Aero Supply Mfg. "B" | AER.B | C | C2 | Aviation hardw. and acces. | None | 391,261 | No | ........ | ........ | ........ |
| 8 | Aero Underwriters | AOV | C | C4 | Aviation insurance | None | 141,630 | No | ........ | ........ | ........ |
| 9 | Agfa Ansco Corp. | AGN | C | A4 | Cameras and supplies | None | 300,000 | No | ........ | ........ | ........ |
| 10 | Ahumada Lead | AUA | N | C4 | Lead, silver and zinc mining | None | 1,192,000 | 1 | ........ | ........ | ........ |
| 11 | Ainsworth Mfg. Corp. | AIR | C | C3 | Auto equipment | None | 160,665 | 10 | 2.50 | q-6/25 | 5/20 |
| 12 | Air Reduction | ADN | N | A1 | Oxygen, coml. gases & chemls. | None | 791,292 | No | 3.00 | 7/15 | q-6/30 |
| 13 | Airway Elec. Appl. | AWY | N | C2 | Vac. cleaners & heating units | None | 400,000 | No | 2.50 | q-7/1 | 6/20 |
| 14 | Ajax Rubber | AJ | N | D4 | Tires and tubes | 2,000,000 | 880,330 | No | ........ | ........ | ........ |
| 15 | Alabama Gt. South'n | AGS | C | B3 | R.R. controlled by So. Rwy. | 11,294,000 | 156,600 | 50 | x-4.00 | sa-6/28 | 5/24 |
| 16 | Alabama & Vicksburg | ALM | N | B2 | Railroad | 2,500,000 | 42,000 | 100 | 6.00 | sa-4/1 | 3/10 |
| 17 | Alaska Juneau | JU | N | C4 | Gold, silver & lead mining | 873,400 | 1,446,000 | 10 | ........ | ........ | ........ |
| 18 | Albany Perf. Wr. Pap. | ABP | N | C2 | Fine tissues & towels | 3,000,000 | 156,000 | No | ........ | ........ | ........ |
| 19 | Albany & Susqueh'na | AQS | N | B2 | R.R. leased to D. & H. | 6,400,000 | 35,000 | 100 | x-9.00 | sa-7/1 | 6/14 |
| 20 | Alleghany Corp. | AYY | N | B1 | R. R. holding company | 78,923,000 | 4,152,540 | No | ........ | ........ | ........ |
| 21 | Alleghany Gas Corp. | ALH | C | A3 | Natural gas producer | 2,500,000 | 244,550 | No | ........ | ........ | ........ |
| 22 | Allegheny Steel | AGL | N | B2 | Steel, chrome alloys | None | 610,204 | No | x-1.80 | mo-7/18 | 6/30 |
| 23 | Allegheny & West. | AY | N | B2 | R.R. leased to B. R. & P. | 2,000,000 | 32,000 | 100 | 6.00 | sa-7/1 | 6/20 |
| 24 | Alles & Fisher | AFS | C | C3 | Cigar mfgr. | None | 150,000 | No | 2.00 | q-7/1 | 6/16 |
| 25 | Alliance Realty | ANR | N | C3 | N. Y. C. real estate | None | 132,000 | No | 3.00 | q-7/18 | 7/5 |
| 26 | Allied Chem. & Dye | ACD | N | A1 | Heavy chemical products | None | 2,178,109 | No | 6.00 | q-5/1 | 4/8 |
| 27 | Allied Mills | AMG | C | B2 | Live stock feeds | None | 1,035,000 | No | 0.60 | q-7/1 | 6/16 |
| 28 | Allis-Chalmers Mfg. | AH | N | A1 | Elec. & indus. machinery | 15,000,000 | 1,256,448 | No | 3.00 | q-5/15 | 4/24 |
| 29 | Allison Dr. Strs. "B" | AOU.B | C | B4 | N. Y. C. Drug chain | 800,000 | 95,000 | No | ........ | ........ | ........ |
| 30 | Alpha Port. Cement | AHP | N | B1 | Cement mfgr. | None | 711,000 | No | 2.00 | q-7/25 | 7/1 |

*a*—5 mos. ended April 30. *bd*—Before depletion. *ap*—April 8, '28 to Dec. 31, '28. *j*—Fiscal yr. ended June 30. *m*—Mos. 9 ending Mar. 30.

***Here is a full-size reproduction of two pages of data—typical of the 48 pages to be contained in each issue of our Monthly Adjustable Stock Rating Booklets. Note the handy size and the clear readable type.***

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*Our Ratings* show both the *outlook for the industry* and the *position of the security in that industry,* whether good or bad, enabling you at all times to have the expert advice of our experienced business and security analysts. *Before buying or selling any security consult these ratings.* Business conditions naturally change and our ratings for any particular stock may change at any time. Investors should check our ratings each month to see if a change has taken place in the outlook for their holdings.

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—Know what industries are progressing—which are declining.
—Know what companies offer the soundest profit possibilities.
—Have all the essential facts all the time.

***Explanations of ratings and additional foot notes on front cover.***

| EARNINGS | | | | 1929 | | 1930 | | Recent Split-up or. Stk. Div. | Comment | |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual | | Interim | | High | Low | High | Low | | | |
| 1928 | 1929 | 1929 | 1930 | | | | | | | |
| 1.15 | 1.97 | ........ | ........ | 57⅞ | 34¼ | 42½ | 22 | 2:16/28 | Near term outlook unfavorable | 1 |
| 8.31 | 4.80 | ........ | ........ | 159½ | 43 | 66 | 45 | ........... | Primarily attractive for long pull | 2 |
| *so*-11.95 | *so*-9.30 | ........ | *a*-1.45 | 107 | 85 | 70¼ | 66½ | 25% 2/30 | Sharp reduction in earnings indicated | 3 |
| 1.56 | 0.49 | ........ | ........ | 34 | 20 | 37⅜ | 23½ | 10:1 11/29 | Shares have merit for long pull | 4 |
| *ap*-2.92 | 4.83 | ........ | ........ | 35⅞ | 19 | 32 | 23 | ........... | Fair earning prospect | 5 |
| Def. | Nil | ........ | ........ | 104⅞ | 7 | 23¼ | 11½ | ........... | Unattractive on basis of past record | 6 |
| *so*-1.38 | 0.48 | ........ | ........ | 22⅝ | 5⅞ | 13⅞ | 8 | ........... | Should improve with industry | 7 |
| N.R. | 1.45 | ........ | ........ | 48½ | 13 | 23⅝ | 11 | ........... | Company must show sustained earning power | 8 |
| Def. | Def. | ........ | ........ | 43½ | 15 | 34 | 19 | ........... | Near term earnings outlook uncertain | 9 |
| Def. | Def. | Def.[3] | Def.[3] | 4⅞ | ⅜ | 1⅝ | ½ | ........... | Low metal prices cloud company's outlook | 10 |
| 4.13 | 6.47 | 2.00[3] | 0.90[3] | 57¾ | 17 | 33½ | 21⅛ | 1% quart | Lower earnings indicated | 11 |
| 4.61 | 7.75 | *so*-1.68[3] | *so*-1.98[3] | 223⅜ | 77 | 153 | 118 | 3:1 3/28 | Issue has well defined merit for long pull | 12 |
| 3.29 | 3.86 | 0.95[3] | 0.60[3] | 48⅞ | 18⅛ | 36 | 21 | ........... | Sales likely to be curtailed in 1930 | 13 |
| Def. | Def. | Def.[6] | ........ | 11¼ | 1 | 2½ | 1⅜ | ........... | Little prospect of improved earnings | 14 |
| 11.45 | 11.24 | 0.96[3] | ........ | 161 | 109¾ | 132¼ | 119 | ........... | Second grade investment rail | 15 |
| Leased b | y Yazoo | & Miss. | Val. Ry. | 118 | 108 | 120 | 116 | ........... | Dividends guaranteed under terms of lease | 16 |
| *bd*-0.54 | *bd*-0.71 | ........ | ........ | 10¼ | 4¼ | 9⅛ | 6⅜ | ........... | Output increasing but outlook uncertain | 17 |
| *j*-0.70 | *j*-0.61 | *m*-0.95 | *sm*-1.68 | 25 | 5 | 15½ | 8¼ | ........... | Recent earnings show improvement | 18 |
| Not repo | rted | ........ | ........ | 216 | 194¼ | 220 | 212 | ........... | Dividends guaranteed under terms of lease | 19 |
| ........ | 0.53 | ........ | 0.09[3] | 56½ | 17 | 35¼ | 18 | ........... | Van Sweringen company. Good holdings | 20 |
| ........ | 0.16 | ........ | ........ | 15 | 4⅞ | 9⅜ | 4 | ........... | Unseasoned. Developing natural gas | 21 |
| 3.66 | 5.04 | ........ | ........ | 90 | 59 | 72 | 57 | 100% 2/29 | Has important Ford contracts | 22 |
| Not repo | rted | ........ | ........ | 115 | 107 | 117 | 117 | ........... | Dividends guaranteed by B. R. & P. | 23 |
| 3.34 | 2.80 | ........ | ........ | 37 | 13⅞ | 18½ | 13 | ........... | Cigar demand waning. Outlook uncertain | 24 |
| 7.70 | 8.09 | ........ | ........ | 135 | 85 | 104 | 95 | 10% 2/29 | Earnings growth temporarily retarded | 25 |
| 11.12 | 12.60 | ........ | ........ | 354¾ | 197 | 343 | 255¾ | 5% 1/30 | Plans to continue stock extra | 26 |
| Incorpor | ated 1929 | ........ | ........ | 24⅞ | 10½ | 18½ | 13½ | ........... | Dependent on farm conditions | 27 |
| *ad*-2.82 | 3.78 | 0.89[3] | 0.93[3] | 75½ | 35⅛ | 68 | 49¼ | 4:1 8/29 | Attractive for income and profit | 28 |
| ........ | ........ | ........ | ........ | 5⅜ | ½ | ⅞ | ½ | ........... | No recent data. Doubtful outlook | 29 |
| 3.44 | 2.36 | ........ | *mr*-2.13 | 54⅞ | 23 | 42¼ | 28⅛ | ........... | Will benefit by new tariff | 30 |

*ad*—Adjusted to give effect to 4 for 1 split-up. *mr*—12 months to March 31, 1930.

*Check the simplicity of this presentation of the latest essential facts and figures for every important listed security. The information is the most practical and valuable obtainable and may be interpreted at a glance.*

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# New York Stock Exchange

## RAILS

| | 1928 High | 1928 Low | 1929 High | 1929 Low | 1930 High | 1930 Low | Last Sale 9/10/30 | Div'd $ Per Share |
|---|---|---|---|---|---|---|---|---|
| **A** | | | | | | | | |
| Atchison | 204 | 182⅝ | 298⅝ | 195⅛ | 242½ | 194 | 223⅝ | 10 |
| Do Pfd. | 108½ | 102½ | 104⅞ | 99 | 108 | 102⅝ | 107¼ | 5 |
| Atlantic Coast Line | 191½ | 157½ | 209½ | 161 | 175½ | 144 | 147 | 10 |
| **B** | | | | | | | | |
| Baltimore & Ohio | 125⅝ | 103¾ | 145⅛ | 105 | 122⅜ | 96¼ | 100⅞ | 4/7 |
| Do Pfd. | 85 | 77 | 81 | 75 | 84⅝ | 78¼ | †81¾ | 4 |
| Brooklyn-Manhattan Transit | 77¾ | 53⅝ | 81⅞ | 40 | 78⅜ | 58⅜ | 68½ | 4 |
| Do Pfd. | 95⅜ | 82 | 92⅝ | 76½ | 94 | 84⅞ | †91 | 6 |
| **C** | | | | | | | | |
| Canadian Pacific | 253 | 195½ | 265⅞ | 185 | 226¾ | 165¾ | 187⅜ | 10 |
| Chesapeake & Ohio | 218¾ | 175½ | 279¾ | 160 | 51⅜ | 44½ | 51 | 2½ |
| C. M. & St. Paul & Pacific | 40½ | 22¼ | 44⅞ | 16 | 26⅜ | 12½ | 15⅜ | .. |
| Do Pfd | 59⅝ | 37 | 68⅛ | 28⅛ | 46¼ | 19½ | 24 | .. |
| Chicago & Northwestern | 94¼ | 78 | 108½ | 75 | 89⅞ | 66 | 69 | 5 |
| Chicago, Rock Is. & Pacific | 139⅝ | 106 | 143½ | 101 | 125⅛ | 90 | 99 | 7 |
| Do 7% Pfd. | 111½ | 105 | 109 | 100 | 110⅝ | 105 | †107 | 7 |
| **D** | | | | | | | | |
| Delaware & Hudson | 226 | 163¼ | 226 | 141½ | 181 | 146 | 170⅝ | 9 |
| Delaware, Lack. & Western | 150 | 125¼ | 169¾ | 120¼ | 153 | 110¼ | †117 | 7 |
| **E** | | | | | | | | |
| Erie R. R. | 72½ | 48¾ | 93½ | 41½ | 63¾ | 35⅛ | 41¼ | .. |
| Do 1st Pfd. | 63⅞ | 50 | 66¼ | 55½ | 67⅜ | 53½ | †57 | 4 |
| Do 2nd Pfd. | 62 | 49¼ | 63⅞ | 52 | 62½ | 50 | †55 | 4 |
| **G** | | | | | | | | |
| Great Northern Pfd. | 114¾ | 93½ | 128¼ | 85¼ | 102 | 71¾ | 79 | 5 |
| **H** | | | | | | | | |
| Hudson & Manhattan | 73⅛ | 50⅛ | 58⅝ | 34½ | 58⅝ | 41 | †47 | 3½ |
| **I** | | | | | | | | |
| Illinois Central | 148¾ | 131¾ | 153½ | 116 | 136¾ | 109 | 116 | 7 |
| Interborough Rapid Transit | 62 | 29 | 58⅝ | 15 | 39½ | 20⅝ | 30½ | .. |
| **K** | | | | | | | | |
| Kansas City Southern | 95 | 43 | 108⅞ | 60 | 85⅝ | 58¾ | †68½ | 5 |
| Do Pfd. | 77 | 66½ | 70½ | 63 | 70 | 65 | †67½ | 4 |
| **L** | | | | | | | | |
| Lehigh Valley | 116 | 84⅛ | 102¼ | 65 | 84⅞ | 57⅞ | †65 | 4½ |
| Louisville & Nashville | 159½ | 139⅜ | 154¾ | 110 | 138½ | 116 | 120 | 7 |
| **M** | | | | | | | | |
| Mo., Kansas & Texas | 58 | 30½ | 65¾ | 27⅛ | 66⅝ | 32⅞ | 42 | 2 |
| Do Pfd. | 109 | 101½ | 107½ | 93⅞ | 108⅜ | 92 | 95½ | 7 |
| Missouri Pacific | 76¼ | 41⅞ | 101⅜ | 46 | 98½ | 57 | 68 | .. |
| Do Pfd. | 126⅞ | 105 | 149 | 105 | 145½ | 115⅝ | 123½ | 5 |
| **N** | | | | | | | | |
| New York Central | 196½ | 156 | 256½ | 160 | 192¾ | 150¾ | 164 | 8 |
| N. Y., Chic. & St. Louis | 146 | 121¼ | 192⅜ | 110 | 144 | 94 | †100½ | 6 |
| N. Y., N. H. & Hartford | 82¾ | 54⅜ | 132½ | 80⅞ | 128⅛ | 97¼ | 108 | 6 |
| N. Y., Ontario & Western | 39 | 24 | 32 | 8 | 17¼ | 8½ | †9⅝ | .. |
| Norfolk & Western | 198½ | 175 | 290 | 191 | 265 | 213¼ | 225 | 10 |
| Northern Pacific | 118 | 92⅜ | 118⅞ | 75⅛ | 97 | 66¾ | 73 | 5 |
| **P** | | | | | | | | |
| Pennsylvania | 76⅞ | 61⅞ | 110 | 72½ | 86⅝ | 69⅞ | 74⅞ | 4 |
| Pittsburgh & W. Va. | 163 | 121¼ | 148¾ | 90 | 121¾ | 80 | †85 | 6 |
| **R** | | | | | | | | |
| Reading | 119⅝ | 94¼ | 147¾ | 101⅛ | 141½ | 100 | †110 | 4 |
| Do 1st Pfd. | 46 | 4 ½ | 50 | 41½ | 50½ | 44⅛ | 47 | 2 |
| Do 2nd Pfd. | 59⅞ | 41 | 60¾ | 43⅝ | 57 | 47¼ | 49 | 2 |
| **S** | | | | | | | | |
| St. Louis-San Fran. | 122 | 109 | 133¾ | 101 | 118⅞ | 85½ | 90 | 8 |
| St. Louis-Southwestern | 124⅛ | 67½ | 115¾ | 50 | 76¾ | 52⅛ | 68⅜ | .. |
| Seaboard Air Lines | 30½ | 11⅝ | 21¾ | 9⅛ | 12½ | 4½ | 5 | .. |
| Do Pfd. | 38 | 17 | 41⅜ | 16¼ | 23 | 16 | †6 | .. |
| Southern Pacific | 131¼ | 117⅝ | 157½ | 105 | 127 | 108 | 119 | 6 |
| Southern Railway | 165 | 139½ | 162⅛ | 109 | 136¾ | 75 | 87¼ | 8 |
| Do Pfd. | 102¼ | 96⅝ | 100 | 93 | 101 | 90⅞ | †93½ | 5 |
| **T** | | | | | | | | |
| Texas & Pacific | 194⅝ | 99½ | 181 | 115 | 145 | 110 | †135 | 5 |
| **U** | | | | | | | | |
| Union Pacific | 224⅞ | 186½ | 297⅝ | 200 | 242¾ | 200 | 220 | 10 |
| Do Pfd. | 87¼ | 82⅛ | 85⅛ | 80 | 87⅛ | 82¼ | 86⅜ | 4 |
| **W** | | | | | | | | |
| Wabash | 96¼ | 51 | 81⅜ | 40 | 67⅜ | 28 | 33 | .. |
| Do Pfd. A | 102 | 88½ | 104⅞ | 82 | 89¼ | 66 | 72¾ | 5 |
| Western Maryland | 54¾ | 31¾ | 54 | 10 | 36 | 18⅝ | 25¼ | .. |
| Do 2nd Pfd. | 54⅞ | 33⅛ | 53⅛ | 14⅝ | 38 | 19 | †24 | .. |
| Western Pacific | 38½ | 28¼ | 41⅞ | 15 | 30½ | 17 | 18¼ | .. |
| Do Pfd. | 62⅛ | 52½ | 67¾ | 37½ | 53⅛ | 38 | 43 | .. |

## INDUSTRIALS and MISCELLANEOUS

| | 1926 High | 1926 Low | 1929 High | 1929 Low | High 1930 | Low 1930 | 9/10/30 Sale Last | Share $ Per Div'd |
|---|---|---|---|---|---|---|---|---|
| **A** | | | | | | | | |
| Adams Express | 425 | 195 | 34 | 20 | 37⅜ | 21⅞ | 28⅜ | 1.60 |
| Air Reduction, Inc. | 99⅝ | 59 | 223⅜ | 77 | 156⅜ | 103¼ | 127¼ | 4½ |
| Allegheny Corp. | .. | .. | 56½ | 17 | 35¼ | 18 | 23¼ | .. |
| Allied Chemical & Dye | 252¾ | 146 | 354¾ | 197 | 343 | 232 | 280½ | ‡6 |
| Allis Chalmers Mfg | 200 | 115⅛ | 75½ | 35⅛ | 68 | 48⅛ | 55⅛ | 3 |
| Amer. Agricultural Chem. Pfd | 79⅞ | 55⅝ | 73¾ | 18 | 39⅝ | 23 | 37¾ | .. |
| Amer. Bank Note | 159 | 74¾ | 157 | 65 | 97⅜ | 68 | †84 | 3 |
| Amer. Brake Shoe & Fdy | 49⅛ | 59⅞ | 62 | 40½ | 54⅝ | 41⅜ | 43⅜ | 2.40 |
| American Can | 177⅛ | 70⅛ | 184⅛ | 86 | 156½ | 108¼ | 134 | 4 |
| Amer. Car & Fdy | 111½ | 88¼ | 106½ | 75 | 8[illegible]½ | 42 | 52¼ | 6 |
| Amer. & Foreign Power | 85 | 22⅝ | 199½ | 50 | 101¾ | 56¼ | 73⅝ | .. |
| American Ice | 46⅜ | 28 | 54 | 29 | 41⅞ | 31 | 33⅝ | 4 |
| Amer. International Corp | 150 | 71 | 96¾ | 29⅛ | 55⅜ | 28¾ | 40 | 2 |
| Amer. Mchy. & Fdry | 180 | 129½ | 279¾ | 142 | 45 | 35¼ | 44½ | .. |
| Amer. Metal Co., Ltd | 63¾ | 39 | 81¾ | 31½ | 51½ | 28¾ | 30⅝ | 1½ |
| Amer. Power & Lt. | 95 | 62¼ | 175¾ | 64¼ | 119⅜ | 72 | 87¼ | 1 |
| Amer. Radiator & S. S. | 191½ | 180⅛ | 55⅝ | 28 | 39¾ | 23⅜ | 29 | 1½ |
| Amer. Rolling Mill | .. | .. | 144⅝ | 60 | 100⅞ | 48 | 52⅜ | ‡2 |
| Amer. Smelting & Refining | 293 | 169 | 130¼ | 62 | 79⅛ | 53 | 69⅞ | 4 |
| Amer. Steel Foundries | 70⅝ | 50⅛ | 79⅞ | 35⅜ | 52¼ | 35⅛ | 40 | 3 |
| American Stores | .. | .. | 514 | 120 | 55½ | 42¼ | †46½ | 2 |

# Price Range of Active Stocks

## INDUSTRIALS and MISCELLANEOUS — *(Continued)*

| | 1928 High | 1928 Low | 1929 High | 1929 Low | 1930 High | 1930 Low | Last Sale 9/10/30 | Div'd $ Per Share |
|---|---|---|---|---|---|---|---|---|
| **A** | | | | | | | | |
| Amer. Sugar Refining | 93½ | 55 | 94¾ | 56 | 69⅞ | 47 | 53⅛ | 5 |
| Amer. Tel. & Tel. | 211 | 172 | 310½ | 193¼ | 274¼ | 260⅛ | 219 | 9 |
| Amer. Tobacco Com. | 184⅜ | 152 | 232½ | 160 | 127 | 118 | 126½ | .. |
| Amer. Type Founders | 142¼ | 109⅞ | 181 | 115 | 141¾ | 113 | 124 | 8 |
| Amer. Water Works & Elec. | 76½ | 52 | 199 | 50 | 124⅞ | 78⅛ | 97⅞ | ‡1 |
| American Woolen | 32⅜ | 14 | 27⅞ | 5⅞ | 20¼ | 7½ | †11 | .. |
| Anaconda Copper Mining | 120¼ | 54 | 140 | 67¼ | 81½ | 44¼ | 48¾ | 3½ |
| Armour of Ill. Cl. A | 28½ | 11¼ | 18⅝ | 5⅛ | 8⅛ | 4⅜ | 5½ | .. |
| Arnold Constable Corp. | 51¾ | 35¼ | 40⅞ | 6¼ | 13¾ | 5 | 7¾ | .. |
| Assoc. Dry Goods | 75½ | 40¼ | 70⅜ | 25 | 50½ | 28 | 37⅝ | 2½ |
| Atlantic, Gulf & W. I. S.S. Line | 59⅞ | 37⅛ | 86⅞ | 32⅛ | 80⅜ | 49⅝ | †57 | 1 |
| Atlantic Refining | 66½ | 50 | 77⅞ | 30 | 51⅝ | 30⅛ | 34 | 2 |
| Auburn Auto | .. | .. | 85 | 40 | 263¾ | 91 | 131 | ‡4 |
| **B** | | | | | | | | |
| Baldwin Loco. Works | 285 | 235 | 66⅝ | 15 | 38 | 19⅝ | 33¾ | 1¾ |
| Barnsdall Corp. Cl. A | 53 | 20 | 49⅛ | 20 | 34 | 20½ | 22½ | 2 |
| Beech Nut Packing | 101¼ | 70⅝ | 101 | 45 | 70⅛ | 49⅝ | 59 | 3 |
| Bendix Aviation | .. | .. | 104⅝ | 25 | 57⅝ | 27⅝ | 33¾ | 2 |
| Best & Co. | 102 | 53¾ | 60⅞ | 25 | 56⅛ | 31⅛ | 51⅛ | 2 |
| Bethlehem Steel Corp. | 86⅜ | 51⅞ | 140¾ | 78¼ | 110¼ | 75 | 88¾ | 6 |
| Bohn Aluminum | .. | .. | 136¾ | 37 | 69 | 24 | 28½ | 1½ |
| Borden Company | 187 | 152 | 100½ | 53 | 90⅜ | 60¼ | 80 | ‡3 |
| Borg-Warner | .. | .. | 86⅞ | 26 | 50½ | 23⅝ | 30 | 3 |
| Briggs Mfg. | 63⅝ | 21⅛ | 63⅛ | 8½ | 25⅜ | 13½ | 20¼ | .. |
| Bucyrus-Erie Co. | 48¾ | 24½ | 43¾ | 14 | 31⅞ | 19⅛ | 24⅜ | 1 |
| Burroughs Adding Mach. | 249 | 139 | 96⅞ | 29 | 51⅞ | 29¼ | 35⅞ | 1 |
| Byers & Co. (A. M.) | 206¾ | 90½ | 192⅞ | 50 | 112⅜ | 60⅛ | 78 | .. |
| **C** | | | | | | | | |
| California Packing | 82⅝ | 68½ | 84⅞ | 63½ | 77½ | 60¼ | †63 | 4 |
| Calumet & Arizona Mining | 133 | 89 | 136¾ | 73½ | 89⅞ | 47⅜ | 52½ | .. |
| Calumet & Hecla | 47⅜ | 20⅛ | 61⅞ | 25 | 33⅜ | 13 | 14¼ | 1½ |
| Canada Dry Ginger Ale | 86⅛ | 54⅞ | 98¾ | 45 | 75⅜ | 56 | 66⅛ | 5 |
| Case, J. I. | 515 | 247 | 467 | 130 | 362¾ | 150 | 188⅛ | 6 |
| Caterpillar Tractor | .. | .. | 61 | 50¼ | 79¾ | 53 | 58 | 3¾ |
| Cerro de Pasco Copper | 119 | 58½ | 120 | 52¼ | 65⅜ | 40⅛ | 45½ | 6 |
| Chesapeake Corp. | 81⅞ | 62¾ | 92 | 42⅛ | 82½ | 51½ | 69¾ | 3 |
| Childs Co. | 64 | 37 | 75⅞ | 44¼ | 67⅝ | 48 | 55½ | 2.40 |
| Chrysler Corp. | 140½ | 54¾ | 135 | 26 | 43 | 24 | 28⅞ | 3 |
| Coca-Cola Co. | 180½ | 127 | 154½ | 101 | 191⅜ | 133¼ | 184 | 6 |
| Colorado Fuel & Iron | 84½ | 52½ | 78½ | 27¾ | 77 | 36½ | 51¼ | 2 |
| Columbian Carbon | 134¾ | 79 | 344 | 105 | 199 | 108 | 140½ | 6 |
| Colum. Gas & Elec. | 140⅞ | 89½ | 140 | 52 | 87 | 55 | 64⅛ | 2 |
| Commercial Credit | 71 | 21 | 62⅝ | 18 | 40¾ | 23⅜ | 25⅞ | 2 |
| Commercial Solvent | 250¼ | 137⅞ | 63 | 20⅛ | 38 | 20¼ | 27 | 1 |
| Commonwealth Southern | .. | .. | 24¾ | 10 | 20¼ | 12⅝ | 14½ | .60 |
| Congoleum-Nairn, Inc. | 31½ | 22 | 35¾ | 11 | 19¾ | 10⅛ | 12 | .. |
| Consolidated Gas of N. Y. | 170¼ | 74 | 183¼ | 80⅛ | 136⅞ | 96⅝ | 112⅜ | 4 |
| Continental Baking Cl. A | 53½ | 26½ | 90 | 25¼ | 52½ | 18½ | 29 | .. |
| Continental Can, Inc. | 128⅞ | 53 | 92 | 40½ | 71⅝ | 50 | 60¼ | 2½ |
| Continental Motors | 20½ | 10 | 28⅝ | 6⅛ | 8¼ | 3⅛ | 3⅞ | .. |
| Continental Oil | .. | .. | 47⅛ | 48 | 30½ | 18⅜ | 19 | .. |
| Corn Products Refining | 94 | 64⅜ | 126⅜ | 70 | 111⅝ | 83⅛ | 94¼ | 4¼ |
| Crucible Steel of Amer. | 93 | 69¼ | 121¾ | 71 | 93⅝ | 70½ | 75¼ | 5 |
| Curtiss Wright, Common | .. | .. | 30⅛ | 6⅜ | 14⅞ | 6½ | 6¾ | .. |
| Curtiss Wright, A | .. | .. | 37⅞ | 13¼ | 19¾ | 7⅞ | 9 | .. |
| Cudahy Packing | 78¼ | 54 | 67⅞ | 36 | 48 | 38⅛ | 42½ | 4 |
| **D** | | | | | | | | |
| Davison Chemical | 68¾ | 34⅜ | 69⅛ | 21¼ | 43⅝ | 24⅜ | 28 | .. |
| Drug, Inc. | 120⅛ | 80 | 126⅛ | 69 | 87⅜ | 67 | 83¾ | 4 |
| Du Pont de Nemours | 503 | 310 | 231 | 80 | 145¼ | 95¾ | 122 | 4.70 |
| **E** | | | | | | | | |
| Eastman Kodak Co. | 194¼ | 163 | 264¾ | 150 | 255¼ | 175¾ | 219 | 8 |
| Eaton Axle & Spring | 68⅛ | 26 | 76¾ | 18 | 37¼ | 19⅛ | 25⅛ | 3 |
| Electric Auto Lite | 136½ | 60 | 174 | 50 | 114⅞ | 55⅛ | 66⅝ | 6 |
| Elec. Power & Light | 49⅜ | 28¾ | 86⅝ | 29⅛ | 103¼ | 49¼ | 74 | 1 |
| Elec. Storage Battery | 91⅛ | 69 | 104¼ | 55 | 79¼ | 61½ | †68 | 5 |
| Endicott-Johnson Corp. | 85 | 74¾ | 83⅜ | 49¼ | 59⅝ | 44 | †49 | 5 |
| **F** | | | | | | | | |
| Federal Light & Traction | 71 | 42 | 109 | 60½ | 90¼ | 59⅝ | †62⅝ | 1½ |
| Fox Film Cl. A | 119⅝ | 72 | 105⅝ | 19⅛ | 57⅜ | 16⅛ | 51⅛ | 4 |
| Freeport Texas Co. | 109¼ | 43 | 54⅞ | 23¾ | 55½ | 37 | 47 | 5 |
| **G** | | | | | | | | |
| General Amer. Tank Car | 101 | 60⅞ | 123½ | 75 | 111⅞ | 78¼ | 90⅜ | 4 |
| General Asphalt | 94⅞ | 68 | 94¾ | 42¼ | 71⅛ | 38⅝ | 42¾ | 4 |
| General Electric | 221½ | 124 | 403 | 168⅛ | 95¾ | 60⅛ | 74¼ | 1.60 |
| General Foods | .. | .. | 81¾ | 35 | 61¼ | 46⅛ | 59 | 3 |
| General Motors Corp. | 224¾ | 130 | 91¾ | 33½ | 54¼ | 37¼ | 46⅛ | 3.30 |
| General Railway Signal | 123⅝ | 84¼ | 126½ | 70 | 108⅞ | 73¼ | 89½ | 5 |
| Gillette Safety Razor | 123⅜ | 97⅛ | 143 | 80 | 106¼ | 58 | 65¼ | 5 |
| Gold Dust Corp. | 143¼ | 71 | 82 | 31½ | 47⅞ | 34½ | 43⅜ | 2½ |
| Goodrich Co. (B. F.) | 109¼ | 86⅛ | 105¾ | 38¼ | 58¼ | 21 | 22¼ | .. |
| Goodyear Tire & Rubber | 140 | 45⅛ | 154½ | 60 | 96⅞ | 50 | 52⅝ | 5 |
| Granby Consol. Min., Smlt. & Pr. | 93 | 39⅛ | 102⅞ | 46¼ | 59⅞ | 18 | 23 | 3 |
| Great Western Sugar | 39¼ | 31 | 44 | 28 | 34½ | 17 | 20⅜ | 1.40 |
| Gulf States Steel | 73⅞ | 51 | 79 | 42 | 80 | 35 | 41¾ | .. |
| **H** | | | | | | | | |
| Hershey Chocolate | 72½ | 30¾ | 143⅞ | 45 | 109 | 70 | 98½ | 5 |
| Houston Oil of Texas | 167 | 79 | 109 | 26 | 116⅞ | 52¼ | 77⅜ | ‡10% |
| Hudson Motor Car | 99⅞ | 75 | 92½ | 38 | 62⅞ | 25⅜ | 31⅜ | 3 |
| Hupp Motor Car | 84 | 29 | 82 | 18 | 26⅝ | 12¼ | 14 | 2 |
| **I** | | | | | | | | |
| Inland Steel | 80 | 46 | 113 | 71 | 98 | 68 | 76½ | 4 |
| Inspiration Consol. Copper | 48⅞ | 18 | 66¾ | 22 | 30⅞ | 12⅛ | 15 | 2 |
| Inter. Business Machines | 166⅜ | 114 | 225 | 109 | 197⅛ | 152¼ | 181¾ | ‡6 |
| Inter. Cement | 94⅞ | 56 | 102¾ | 48 | 78¾ | 55¾ | 67 | 4 |
| Inter. Harvester | 97⅞ | 80 | 142 | 65 | 115¾ | 72 | 81¾ | 2½ |
| Inter. Nickel | 269½ | 73⅝ | 72¾ | 25 | 44¾ | 20⅛ | 27 | 1 |
| Inter. Paper & Power "A" | 86⅜ | 50 | 118 | 57 | 31⅛ | 14⅝ | 17 | 2.40 |
| Inter. Tel. & Tel. | 201 | 139½ | 149¼ | 53 | 77⅜ | 39⅛ | 42⅝ | 2 |
| **J** | | | | | | | | |
| Jewel Tea | 179 | 77¾ | 84½ | 45 | 66¼ | 43 | 52⅜ | 4 |
| Johns-Manville | 202 | 96¼ | 242¾ | 90 | 148⅝ | 70 | 93⅝ | 3 |
| **K** | | | | | | | | |
| Kennecott Copper | 156 | 80⅛ | 104⅞ | 49⅝ | 62¾ | 33⅛ | 37½ | 2 |
| Kresge Co. (S. S.) | 91¾ | 65 | 57⅛ | 28 | 36¾ | 26¼ | 32¼ | 1.60 |
| Kroger Grocery & Baking | 132¼ | 73¼ | 122½ | 38¼ | 48⅛ | 21 | 27¾ | ‡1 |

# New York Stock Exchange Price Range of Active Stocks

## INDUSTRIALS and MISCELLANEOUS — *(Continued)*

| | 1928 | | 1929 | | 1930 | | Last Sale | Div'd $ Per |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | 9/10/30 | Share |
| **L** | | | | | | | | |
| Lambert Co. | 136⅝ | 79½ | 157¼ | 80⅛ | 113 | 76½ | 96¾ | 8 |
| Lehn & Fink | 64⅞ | 38 | 68½ | 28 | 26 | 22¼ | †27½ | 3 |
| Liggett & Myers Tob. B | 122½ | 83⅛ | 106 | 80¼ | 114⅜ | 85 | 102⅝ | 5 |
| Loew's Inc. | 77 | 49⅛ | 84½ | 32 | 95¾ | 42¼ | 79⅞ | 3 |
| Loose-Wiles Biscuit | 88¾ | 44¼ | 88⅝ | 39⅛ | 70¼ | 50½ | 64⅛ | 2.80 |
| Lorillard | 46⅞ | 23¾ | 31½ | 14¼ | 28⅛ | 16⅛ | 23 | .. |
| **M** | | | | | | | | |
| Mack Truck, Inc | 110 | 83 | 114¾ | 55½ | 88½ | 46¼ | 62½ | 6 |
| Macy (R. H.) | 187¾ | 134 | 255½ | 110 | 159¼ | 109 | 134 | 3 |
| Magma Copper | 75 | 43¾ | 82½ | 35 | 52½ | 28¾ | 32⅞ | 4 |
| Mathieson Alkali | 190 | 117¾ | 72⅝ | 29 | 51⅜ | 32⅝ | 45⅝ | 2 |
| May Dept. Stores | 113½ | 75 | 108½ | 45⅛ | 61⅜ | 40⅛ | 46¾ | 2 |
| McKeesport Tin Plate | 78⅝ | 62½ | 83 | 54 | 89½ | 61 | 86⅛ | 5¼ |
| Mont. Ward & Co | 156½ | 115¼ | 156⅞ | 42⅝ | 49⅞ | 29⅜ | 38¼ | 3 |
| Murray Corp. | 124¼ | 91½ | 100⅞ | 14⅞ | 25¼ | 12½ | 17¼ | ‡2% |
| **N** | | | | | | | | |
| Nash Motor Co | 112 | 80¼ | 118⅞ | 40 | 58½ | 30⅛ | 35½ | 4 |
| National Biscuit | 195¼ | 159½ | 236¾ | 140 | 93 | 71 | 86⅛ | 2.80 |
| National Cash Register A | 104¾ | 47¼ | 148¾ | 59 | 83½ | 41 | 48⅛ | 4 |
| National Dairy Prod | 133½ | 64½ | 86½ | 36 | 62 | 45¼ | 55⅝ | ‡2 |
| National Lead | 136 | 115 | 310 | 129¼ | 189½ | 124¾ | 136½ | 8 |
| National Power & Light | 46⅝ | 21⅞ | 71⅜ | 23 | 58¾ | 32 | 48⅞ | 1 |
| Nevada Consol. Copper | 42⅜ | 17¾ | 62⅞ | 23¼ | 32⅜ | 13⅛ | 16⅜ | 1 |
| North American Co | 97 | 58⅝ | 186¾ | 66½ | 132⅞ | 87⅛ | 108 | ‡10% |
| **O** | | | | | | | | |
| Otis Elevator | 285½ | 147⅛ | 55 | 22¼ | 80⅜ | 55 | 69⅞ | 2½ |
| Otis Steel | 40½ | 10½ | 55 | 22¼ | 38⅞ | 24¾ | †25½ | 2½ |
| **P** | | | | | | | | |
| Pacific Gas & Electric | 56⅛ | 43⅛ | 98¾ | 42 | 74⅞ | 52⅛ | 60⅛ | 2 |
| Pacific Lighting | 85⅝ | 69 | 146½ | 58⅛ | 107⅞ | 71⅜ | 83¼ | 3 |
| Packard Motor Car | 163 | 56¼ | 32½ | 13 | 23⅜ | 12¼ | 13⅜ | 1 |
| Paramount Publix | 56⅜ | 47¼ | 75½ | 35 | 77¼ | 48⅝ | 62 | 4 |
| Penney (J. C.) | .. | .. | 105¼ | 66 | 80 | 48 | 55½ | 3 |
| Phillips Petroleum | 53⅞ | 35¼ | 47 | 24¼ | 44¾ | 29⅛ | 32⅞ | ‡2 |
| Prairie Oil & Gas | 66⅝ | 59½ | 65⅝ | 40½ | 54 | 33⅜ | 34 | 2 |
| Prairie Pipe Line | .. | .. | 65 | 45 | 60 | 44 | 44⅞ | 5 |
| Public Service of N. J | 83½ | 41½ | 137¾ | 54 | 123¾ | 81½ | 96½ | 3.40 |
| Pullman, Inc. | 94 | 77⅞ | 99¼ | 73 | 89⅜ | 62 | 68⅞ | 4 |
| Pure Oil | 31¼ | 19 | 30¾ | 20 | 27¼ | 19⅛ | 19⅝ | 1½ |
| Purity Bakeries | 139⅜ | 75 | 148⅝ | 55 | 88⅞ | 52 | 68½ | 4 |
| **R** | | | | | | | | |
| Radio Corp. of America | 420 | 85¼ | 114¾ | 26 | 69⅜ | 32½ | 42½ | .. |
| Remington-Rand | 36½ | 23⅛ | 57¾ | 20⅜ | 46½ | 23 | 30¾ | 1.60 |
| Republic Steel | 94½ | 49⅛ | 146¼ | 62¼ | 79½ | 32 | 36⅜ | 4 |
| Reynolds (R. J.) Tob. Cl. B | 165½ | 126 | 66 | 39 | 58⅝ | 45¼ | 53¼ | 3 |
| Richfield Oil of Calif | 56 | 23½ | 49⅝ | 20 | 28¼ | 14¾ | 17 | 2 |
| Royal Dutch | 64 | 44⅝ | 64 | 43⅛ | 56½ | 45¾ | 48⅜ | 3.22 |
| **S** | | | | | | | | |
| Safeway Stores | 201¾ | 171 | 195¼ | 90⅛ | 122⅜ | 57¼ | 73 | 5 |
| Schulte Retail Stores | 67½ | 35¾ | 41½ | 3½ | 13½ | 4¼ | 8⅛ | .. |
| Sears, Roebuck & Co | 197½ | 82⅛ | 181 | 80 | 100⅝ | 56 | 75 | 2½ |
| Shell Union Oil | 39⅜ | 23¼ | 31¾ | 19 | 25½ | 14 | 14¾ | .. |
| Simmons Co. | 101⅜ | 55¾ | 188 | 59½ | 94⅞ | 21 | 29 | .. |
| Sinclair Consol. Oil Corp | 46¾ | 17⅞ | 45 | 21 | 33 | 20 | 21⅜ | 2 |
| Skelly Oil Corp | 48⅝ | 25 | 46½ | 28 | 42 | 27 | 27 | 2 |
| Standard Brands | .. | .. | 44¾ | 20 | 29¼ | 17 | 21⅛ | 1½ |
| Standard Gas & Elec. Co | 84⅝ | 57⅞ | 243¾ | 73½ | 129¼ | 84⅛ | 106 | 3½ |
| Standard Oil of Calif | 80 | 58 | 81⅞ | 51½ | 75 | 55⅛ | 60⅛ | 2½ |
| Standard Oil of N. J | 59¾ | 37¾ | 83 | 48 | 84⅞ | 58 | 69½ | 2 |
| Standard Oil of N. Y | 45½ | 28¾ | 48⅛ | 31¾ | 40⅜ | 30 | 31 | 1.60 |
| Sterling Securities, A | .. | .. | 38 | 8¼ | 20½ | 9⅝ | 11½ | .. |
| Stewart-Warner Speedometer | 128⅛ | 77¼ | 77 | 30 | 47 | 19⅛ | 27⅝ | 2 |
| Stone & Webster | .. | .. | 201½ | 64 | 113⅜ | 70½ | 82½ | 4 |
| Studebaker Corp. | 87½ | 57 | 98 | 38⅛ | 47¼ | 25¼ | 31⅞ | 3 |
| **T** | | | | | | | | |
| Texas Corp. | 74¾ | 50 | 71⅞ | 50 | 60½ | 50⅛ | 51¾ | 3 |
| Texas Gulf Sulphur | 82½ | 62⅛ | 85¼ | 42½ | 67⅜ | 48⅛ | 59⅞ | 4 |
| Texas Pacific Coal & Oil | 26⅝ | 12⅛ | 28⅞ | 9⅛ | 14½ | 8¼ | 8⅛ | .. |
| Tide Water Assoc. Oil | 25 | 14¾ | 23½ | 10 | 17¾ | 10⅜ | 13⅜ | .60 |
| Timken Roller Bearing | 154 | 112⅝ | 139⅜ | 58½ | 89¼ | 55⅛ | 70¾ | 3 |
| **U** | | | | | | | | |
| Underwood-Elliott-Fisher | 98⅞ | 68 | 181¾ | 82 | 138 | 83 | 97¾ | 5 |
| Union Carbide & Carbon | 208 | 136⅛ | 140 | 59 | 106⅜ | 60⅛ | 81⅝ | 2.60 |
| United Aircraft & Trans | .. | .. | 162 | 31 | 99 | 43½ | 64⅛ | .. |
| United Cigar Stores | 34⅝ | 22⅞ | 27½ | 3 | 8½ | 5⅛ | 7¼ | .. |
| United Corp. | .. | .. | 75½ | 19 | 52 | 28⅜ | 35 | .50 |
| United Fruit | 146 | 131½ | 158½ | 99 | 105 | 83 | 87 | 4 |
| United Gas Imp | .. | .. | 59⅝ | 22 | 49⅜ | 31¼ | 37¾ | 1.60 |
| U. S. Pipe & Fdy | 53 | 38 | 243⅝ | 95 | 38¼ | 18⅛ | 36⅛ | 2 |
| U. S. Industrial Alcohol | 138 | 102⅛ | 55⅞ | 12 | 139⅜ | 59 | 76⅛ | 7 |
| U. S. Realty | 98⅝ | 61¼ | 119¼ | 50½ | 75⅛ | 41 | 48⅜ | 5 |
| U. S. Rubber | 63¼ | 27 | 65 | 15 | 35 | 18¼ | 19⅞ | .. |
| U. S. Smelting, Ref. & Mining | 71½ | 39½ | 72⅞ | 29⅞ | 36⅛ | 17⅛ | 21½ | 1 |
| U. S. Steel Corp | 172½ | 132⅝ | 261¾ | 150 | 198¾ | 151⅝ | 172⅛ | 7 |
| **V** | | | | | | | | |
| Vanadium Corp. | 111½ | 60 | 116½ | 37½ | 143¼ | 49⅞ | 86 | 4 |
| **W** | | | | | | | | |
| Warner Brothers Pictures | 139¼ | 80⅞ | 64½ | 30 | 80¼ | 24⅛ | 29⅜ | .. |
| Western Union Tel | 201 | 139½ | 272¼ | 155 | 219⅜ | 150¾ | 175⅝ | 8 |
| Westinghouse Air Brake | 57⅞ | 42⅛ | 67¾ | 26⅛ | 52 | 36⅝ | 40 | 2 |
| Westinghouse Elec. & Mfg | 144 | 88⅛ | 292⅝ | 100 | 201½ | 124¼ | 157⅞ | 5 |
| White Motor | 48⅜ | 30¼ | 58½ | 27¼ | 43 | 27⅛ | 34½ | 2 |
| Willys-Overland | 33 | 17¾ | 35 | 5¼ | 11 | 5⅛ | 6 | .. |
| Woolworth Co. (F. W.) | 225¾ | 175⅛ | 108⅞ | 52¼ | 72⅜ | 51⅝ | 67⅜ | 2.40 |
| Worthington Pump & Mach | 55 | 28 | 137⅜ | 43 | 169 | 67¼ | 132 | .. |
| **Y** | | | | | | | | |
| Youngstown Sheet & Tube | 115⅝ | 83⅛ | 143 | 91 | 150⅛ | 108 | †114 | 5 |

* Ex-dividend. † Bid Price. ‡ Plus stock dividend. ‡ Payable in stock.

## Securities Analyzed, Rated and Mentioned in this Issue

### INDUSTRIALS



### RAILROADS



### MINING



### PETROLEUM



### PUBLIC UTILITIES




For Feature Articles to Appear in the Next Issue See Page 781

## United Fruit Co.

(*Continued from page* 807)

also is operated both for ships and land operations.

Earnings for the first six months of the current year have shown a recovery from the mild drop experienced in 1929. Net profit was approximately $10,100,000 after depreciation but before federal taxes as against a total of $9,340,000 for the first half of 1929 including operations of Cuyamel Fruit. Deducting estimated Federal taxes this would amount to $3.05 per share for the first half of 1930 compared with $2.82 for the same period last year. The volume of fruit sales has been satisfactory, but price level is down slightly from last year. Rigid economies and improvements in cultivation, handling and distributing have resulted in low units costs which the company expects to maintain. The full year 1929 showed earnings of $6.78 per share as against $7.85 in 1928.

The company now pays only the regular dividend of $4 on the common stock, which is being earned by a comfortable margin. At its current price of 87 the stock yields 4.6% and is selling at slightly less than 13 times earnings. The company has potentialities for larger earnings which if materialized will no doubt mean resumption of extra dividend payments and probably higher prices for the stock.

## The Texas Corporation

(*Continued from page* 803)

Incidentally, on the basis of past performance the interest on the convertible debentures will be earned many times over and they appear to be an excellent investment at this time, considering the favorable position of the bond market.

The Texas Corp. has a dividend record which has been unbroken since the formation of the company in 1902. The present rate of 12% on the $25 par stock and equal to $3 per share per annum has been paid from and including 1921. In addition to cash dividends, three stock dividends have been paid—in 1910, 1920 and in 1927, this being at the rate of 10%.

The published results on other oil companies for the present year would indicate that the full year would be unlikely to reach the excellent showing made for 1929, an exceptionally good period. The year 1930 commenced

# A Return of 6.25%

# and

# A Profit Prospect of 100%!

In the summer of 1929, when the air was full of "tips" to buy this stock or that stock, for profits of 100%—to double in price—the American Institute of Finance advised its clients to take advantage of all periods of strength to sell—to have 80% of capital absolutely liquid.

NOW—in the summer of 1930—the American Institute of Finance has been outlining to its clients numerous individual issues that—at prices 50% or less of those existing a year ago—it believes can and should—in the next bull market, now ahead—double in price—make profits of 100%!

It is just as conservative to anticipate large profits when stocks of sound companies are bought in the depths of depression, as it was foolish to expect any such results a year ago—buying in the midst of prosperity and on the top of a three-year bull market.

## ANOTHER INDIVIDUAL ISSUE!

The American Institute of Finance is recommending to its clients a stock, selling for about one-third of its 1929 peak price—giving a return now of better than 6% on its probable 1930 dividend, as contrasted with a return of less than 3% at the 1929 summer prices.

A doubling in price—a profit of 100%—means, then, a recovery of only 50% of the 1929-1930 decline. Such an expectation—under renewed prosperity—is conservative.

It is the stock of a leading company in its industry. Both the company and industry have suffered materially in the 1930 business depression. Otherwise, even allowing for stock market inflation, no such drastic decline would have occurred. But, the outlook is for marked recovery. Up to 1930, the company had made a good record of progress, over a period of years.

A copy of the Institute's Advisory Bulletin containing the analysis and recommendation of this stock will be gladly sent, GRATIS, as an illustration of the Institute's service to its clients.

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with excessive stocks of crude, which later, due to the success attending curtailment of output plans, were considerably reduced. Production curtailment, however, was not followed by a curtailment of refining operations, which resulted, of course, in a firming in crude prices and a state of cut-throat competition in the gasoline market. Nevertheless, plans to abate the evils in the industry are constantly being formulated and the tendency in the recent past has been quite noticeably towards completely integrated units. During 1930 many mergers have taken place and more planned and there is little doubt but that this great industry enjoying the enviable position of having an increasing demand for its products will devise means to assure its own well being.

The Texas Corp. being already a completely integrated unit is in a position to minimize the present evils, take advantage of the favorable situation in any one section and at the same time is strong enough to weather successfully any passing storm. The stock of this company, remarkable for its price stability and unbroken dividend record, is more than ordinarily suitable for long term investment. The present price is around 51 on the New York Stock Exchange and affords a yield of nearly 6%.

## Answers to Inquiries

*(Continued from page 814)*

costs being defrayed out of working capital and current earnings. It is noteworthy that at no time during this period was the company's financial position in danger or distributions to stockholders sacrificed. Earnings have shown a steady upward trend since 1921, net for the twelve months ended December 31, 1929, amounting to $6.39 a share on 2,540,000 shares of no par capital stock, against $5.71 a share in 1928. Results for the initial half of current year equalled those of the first six months of 1929 when $2.93 a share was reported. Although some falling off in earnings is likely to occur during balance of the year, full 1930 returns should approximate last year's earnings. At present levels the common shares offer an attractive income return of over 6.5% and should prove a satisfactory commitment for those who are prepared to assume the inherent risks involved, and exercise a degree of patience.

### J. C. PENNEY CO.

***What is the nearby outlook for J. C. Penney common? The market action of the stock worries me, for I have 100 shares***

*which cost me 76 last January. Is the $3 dividend in danger?—E. M. F., Beaumont, Texas.*

The J. C. Penney Co., operators of a chain of more than 1,400 stores located in every state in the country, showed a yearly increase in both sales and earnings from 1921 to 1929, but earnings in the first half of the current year declined from the results for the similar period of 1929. Sales for the first six months showed an increase of 4.1%, although June sales fell off more than 7%. Extensive price reductions were made in June, reduction in some cases amounting to 30% and the decline in sales in that month was attributed to the lower prices. Earnings in the first half year were equivalent to $1.14 per share on the common stock, against $1.32 a share in the initial six months of 1929. Some improvement in sales was shown in July, although they were less than in July, 1929. A notable feature of the J. C. Penney Co. is that the stores are operated by joint ownership of the store manager and the central organization. The benefits from this owner-management system are shown by the steady growth of the company's business. Although the financial condition of the company was not as strong on June 30th, 1930, as at the close of 1929, it was satisfactory. The dividend appears to be reasonably safe, and we see no reason for sacrificing at current levels.

---

### INDEPENDENT OIL & GAS CO.

*I have 50 shares of Independent Oil & Gas common for which I paid 30. Shall I continue to hold in view of the recently approved merger of Independent with the Phillips Petroleum Company? What is your opinion of this consolidation?—S. E. J., Joliet, Ill.*

During this era of intense competition, curtailed production (through pro-ration agreements) and lower prices for crude and refined petroleum, strict attention must be paid to rigid economies in operating costs, by oil companies, if present recession is to be weathered. Thus, we find a tendency toward consolidations, where such can be accomplished with beneficial effects relative to production costs and strengthening of position in the industry. Independent Oil & Gas Co. is a well rounded unit in the oil industry, having strengthened its strategic position in recent years by the acquisition of marketing facilities, including bulk and service stations. The company's wells, located in Oklahoma, Kansas, Texas and New Mexico have at present a daily capacity of approximately 40,000 barrels. Natural gas sales, moreover, have been a prime factor in the company's earning power, average

daily capacity amounting to 72,000,000 cubic feet. Earnings record of the company since 1923 reveals that increase in net income was registered in each year, excepting 1927, to and including 1929. However, depressed conditions during the current year have been adversely reflected in the earnings report for the initial half, when per share earnings amounted to $1.10 on the common stock against $2.63 for the corresponding 1929 period. Moreover, prospects for the balance of the year indicate full year's net will barely cover present annual dividend rate of $2 a share. Financial position at the close of last year, on the other hand, was satisfactory with current assets approximately 3.5 times current liabilities. Moreover, surplus amounted to $9,279,250 compared with $6,007,207 reported at the end of 1928. Nevertheless, the consolidation of this company's business and assets with Phillips Petroleum Co., upon consummation, should prove lucrative to stockholders of Independent during ensuing years. Plan of consolidation provides for an exchange of stock on the basis of 76 shares of Phillips Petroleum for 100 shares of Independent. In the light of the above factors, therefore, we endorse the exchange of your holdings, and retention of new stock with a view toward long term developments.

## AMERICAN ICE CO.

*Do you think it would be wise for me to dispose of my shares of American Ice common and preferred as this company is now coming into its off season? Isn't this company facing a rather dubious outlook because of the continued expansion of electric refrigeration and the inroads into its production made by the growing manufacture of dry ice and other freezing processes? I would appreciate your counsel in this matter.—A. A. G., Aurora, Ill.*

Contrary to the general belief, electric refrigeration to date has had little effect upon the business of the stronger ice companies. Until such a time as mechanical refrigeration units can be placed on a popular price basis, the demand for and consumption of ice will furnish ample business for manufacturers. However, in recent years ice producers have found it necessary to change their attitude toward competition from this source, with the result that concentrated sales and advertising campaigns have been inaugurated by the larger companies. Moreover, competition within the industry itself has necessitated a policy of strict economies, with resultant lower costs of operations. American Ice Co. is an outstanding example of the execution of these policies. Improvements and replacements are rapidly being made in company's present plants, while additions to present facilities are being accomplished by construction of new units and acquisition of smaller companies. Furthermore, the company handles coal during the winter months, and recently added fuel oil distribution to its activities in order to stabilize operations. Suffering from price competition (recently remedied) operations during the early months of the current year resulted in smaller profits than for corresponding months last year. However, sales for May, June and July, counterbalanced to a degree, this unfavorable factor, and net for the first seven months, although lower, compared favorably with that reported for like 1929 period. In view of the fact that August of this year was comparatively warmer than the same month a year ago, earnings for the current eight months' period should almost approximate results for the eight months ended August 31, 1929. While we do not anticipate net income for 1929 of $4.22 a common share to be equaled, net earnings for the full 1930 year should make a fair comparison. In the light of these circumstances, therefore we maintain a constructive attitude toward the company's preferred and common stocks and suggest maintaining your present position in these issues.

## BEATRICE CREAMERY CO.

*Have you any definite information concerning the rumor that the Beatrice Creamery Company may be taken over by either Borden or National Dairy Products? I have 25 shares of Beatrice Creamery common and 10 of the preferred. Would you approve adding to my holdings anticipating merger developments?—T. W. R., Elizabeth, N. J.*

The recent acquisition of Liberty Dairy Products Corp. of Pittsburgh marked the entrance of the Beatrice Creamery Co. into the eastern field where it is expected the same expansion policy that has raised the organization to a leading position in the Middle West, will be followed. Additional units in the Eastern Seaboard have been added since, which are expected to furnish an outlet for surplus stocks produced in the western plants. The president of the company recently announced that earnings have shown an increase in each month of the current fiscal year, and interests close to the management have estimated that the net for the six months ended August 31, will approximate $6 a share on 298,868 shares of common stock. The number of shares outstanding has risen sharply, but it is important to note that per share returns have been stable, despite this capital increase. The company earned $7.43 a share in the year ended February 28, 1930, as against $6.31 a share in the

# 36 Points Profit on 6 Stocks in 12 Days

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# MARKET STATISTICS

| | N. Y. Times 40 Bonds | Dow, Jones Avgs. 30 Indus. | Dow, Jones Avgs. 20 Rails | N. Y. Times 50 Stocks High | N. Y. Times 50 Stocks Low | Sales |
|---|---|---|---|---|---|---|
| Saturday, August 30 .......... | HOLIDAY — EXCHANGE CLOSED | | | | | |
| Monday, September 1 .......... | | | | | | |
| Tuesday, September 2 .......... | 88.60 | 240.42 | 131.60 | 204.50 | 201.83 | 1,773,920 |
| Wednesday, September 3 ....... | 88.67 | 237.54 | 131.26 | 203.62 | 200.42 | 1,744,520 |
| Thursday, September 4 ......... | 88.82 | 236.04 | 130.97 | 201.80 | 198.45 | 1,519,440 |
| Friday, September 5 ........... | 88.97 | 240.37 | 131.32 | 202.75 | 199.53 | 1,652,140 |
| Saturday, September 6 ......... | 89.00 | 243.64 | 132.16 | 205.19 | 202.18 | 1,409,270 |
| Monday, September 8 .......... | 88.92 | 242.84 | 132.03 | 206.81 | 203.96 | 2,241,450 |
| Tuesday, September 9 .......... | 88.87 | 244.29 | 132.38 | 206.76 | 204.05 | 1,941,910 |
| Wednesday, September 10 .... | 88.93 | 245.09 | 132.73 | 207.82 | 205.13 | 2,481,420 |
| Thursday, September 11 ...... | 88.94 | 242.88 | 132.66 | 206.23 | 202.66 | 1,738,640 |
| Friday, September 12 .......... | 88.83 | 241.17 | 131.87 | 205.47 | 202.10 | 1,905,860 |
| Saturday, September 13 ....... | 88.83 | 240.34 | 131.89 | 203.19 | 200.29 | 1,021,750 |

previous fiscal year. The dividend record of the company is noteworthy, payments having been made without interruption since 1909. Beatrice Creamery possesses good merger possibilities and absorption by either National Dairy Products or Borden would appear to be a logical move. There is no information available concerning such a step, however, but we suggest holding both the preferred and junior stocks for the long term and on the basis of the good past record and possibilities of Beatrice Creamery, we would favor additional commitments.

## AMERICAN HOME PRODUCTS CORP.

*American Home Products common has been recommended to me for spec-vestment by a conservative house, but I would like to receive your advice before I buy. The present yield of close to 7% appeals to me. Is the dividend secure?—V. O. M., Canton, Ohio.*

While earnings of American Home Products Corp. for the full 1930 year are not expected to quite equal the $5.57 per share reported last year, the report for the initial six months was encouraging. Net for the six months was equivalent to $2.59 a share on 611,000 shares of stock, as compared with $2.67 on 599,000 shares in the corresponding period of 1929. The report for the full year is expected to show per share earnings of more than $5 in view of the results shown in the first half. Products of the company include a wide variety of medicinal preparations, such as hair tonic, tooth paste, magnesia, and also a floor wax and patent medicines. The company follows a conservative expansion policy, and made two acquisitions in 1929, which added to the well diversified list of products. The interest in American Home Products held by Drug, Inc., gives weight to eventual merger possibilities. The financial position of the company is satisfactory, and the longer term outlook is promising. While marked appreciation in price over the near term is not looked for, the stock offers an attractive yield from its regular annual dividend of $4.20 which is being covered by a fair margin. We would be inclined to endorse purchases provided you are willing to assume the average business man's risk.

## LOOSE-WILES BISCUIT CO.

*Several months ago I purchased Loose-Wiles stock at $66 a share and I have been dismayed by the manner in which the stock has acted since I bought it because I felt that the market had passed through its worst and that it was an excellent purchase as a business man's investment. Should I continue to hold?—J. A. K., Elizabeth, N. J.*

The current decline in commodity

prices should have a favorable effect on earnings of the Loose-Wiles Biscuit Co., the second largest biscuit and cracker manufacturer in this country. Net income for the 12 months ended June 30, 1930, was equivalent to $4.56 per share of common stock as compared with $4.11 per share a year earlier and for the full year 1929 per share results were $4.88 as against $4.07 in 1928. Earnings have shown an upward trend since 1921 and this year's results are expected to compare with the record report of 1929, despite the general decline in public purchasing power. However, economies of operation and the lower commodity prices may be expected to offset the slack in buying. A conservative dividend policy has enabled the company to build up a strong financial position, current assets totalling more than three times the current liabilities at the close of 1919. Regular dividends are maintained at the yearly rate of $2.60 a share, and two extra payments of 10 cents each have been disbursed thus far this year. This would seem to indicate that a higher dividend rate may be expected in the future. While the stock has reacted in line with the general market we consider the issue destined for longer term price appreciation, and suitable for retention in the average business man's portfolio.

### CHILDS CO.

*The recent market action of Childs common appears weak. I now stand to lose $400, having failed to accept the profit of nearly $800 which was available in June. Shall I continue to hold? What are the prospects for this stock?—H. E. O., Easton, Pa.*

Earnings of the Childs Co., operating a chain of restaurants, showed a sharp increase in the first six months of the current year over the corresponding half of 1929, reflecting the effects of the new policies inaugurated by the management which took charge in the second quarter of 1929. Per share results for the latest six months were $1.36 as against $0.68 in the first half of 1929. Although July sales showed a decline of about 11% due to the heat wave which swept the country during that month, earnings gains are looked for during the remainder of the year, and the net may reach $4 a share, which would compare with $2.56 earned in 1929, and annual dividends of $2.40 a share. The company has received bids for several of its properties and if sale is effected, profits of several dollars a share may be expected. Childs has followed a policy of eliminating unprofitable stores, and has been aggressive in its expansion pro-

*(Please turn to page 832)*

# Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

## Industrials

| Company | Period of Report | Earned per Dollar of Net Worth | Ratio of Debt to Net Worth | Earned per Share of Common | Market Value Sept. 9, 1930, Times Earnings | Dividend Rate |
|---|---|---|---|---|---|---|
| Amer. Cyanamid Co. | Year | .06 | 8 | 1.86 | 11.3-B | 1.60 |
| Amer. Home Products | 6 mos. | .08 | ND | 2.59 | 11.8(g) | 4.20 |
| Amer. Woolen | 6 mos. | (d) | 13(s)(m) | (d) | — | — |
| Atlantic Gulf & West Indies | 6 mos. | .04 | 77 | 4.16 | 7.0(g) | 2 |
| Burroughs Adding Mach. | 6 mos. | .11 | ND | .80 | 22.5(g) | 1 |
| Celotex Company | 8 mos. | .01 | 21 | — | — | — |
| City Stores Co. | 6 mos. | .01 | 51 | .14 | 33.3(g) | .50 |
| Columbia Pictures | Year | .24 | ND | 6.11 | 7.0 | 1.50(a) |
| Crown Zellerbach | Quarter | .01 | 45 | .18 | 16.7(g) | 1 |
| Curtiss-Wright Corp. | 6 mos. | (d) | 1 | (d) | — | — |
| Elec. Auto Lite | 6 mos. | .13 | ND | 3.42(b) | 9.8(g) | 6 |
| Fox Film Corp. | 26 wks. | .06 | 62(s) | 2.80-A&B | 9.3(g)-A | 4 |
| Gobel, Inc., Adolf | 32 wks. | NM | 17(m)(s) | .01 | 560.0(g) | — |
| Grant Co., W. T. | 6 mos. | .04 | NM | .79 | 22.1(g) | 1 |
| Industrial Rayon Corp. | 6 mos. | .05 | 1 | 4.50 | 9.2(g) | 5%† |
| Kroger Grocery & Baking | 6 mos. | .01 | 1(m) | .12 | 108.3(g) | 1(a) |
| McKesson & Robbins | 6 mos. | .03 | 43 | .61 | 13.9(g) | 1 |
| New York Air Brake | 6 mos. | .03 | ND | 1.78 | 10.9(g) | 3.60 |
| Pan Amer. Pet. & Transport | 6 mos. | .03 | 3(m) | 2.38(b) | 11.5(g)B | — |
| Park & Tilford | 6 mos. | .04 | 35 | .77 | 8.4(g) | 3 |
| Pillsbury Flour Mills | Year | .11 | 36 | 4.05 | 8.1 | 2(a) |
| Postal Tel. & Cable | 6 mos. | .01 | 89 | — | — | — |
| Rio Grande Oil Co. | 6 mos. | .05 | ND | 1.80 | 4.4(g) | 2 |
| St. Joseph Lead | 6 mos. | .10 | ND | 1.72 | 11.6(g) | 3 |
| Thompson-Starrett | Quarter | .04 | ND | .34 | 8.1(g) | — |

## Railroads

| Company | Period of Report | Earned per Dollar of Net Worth | Ratio of Debt to Net Worth | Earned per Share of Common | Market Value Sept. 9, 1930, Times Earnings | Dividend Rate |
|---|---|---|---|---|---|---|
| Bangor & Aroostook R. R. | 7 mos. | .08 | 126 | 7.19 | 6.2(g) | 3½ |
| Chic., Rock Island & Pacific | 7 mos. | .02 | 164 | 1.50 | 38.9(g) | 7 |
| Delaware & Hudson R. R. Corp. | Quarter | NM | 53 | .26 | 163.4(g) | 9 |
| Lehigh Valley R. R. | 6 mos. | .01 | 75 | .69 | 48.6(g) | 3½(a) |
| Mo.-Kansas-Texas | 7 mos. | .01 | 68 | — | — | 2 |
| Missouri Pacific | 7 mos. | .01 | 171 | 1.25 | 32.4(g) | — |
| N. Y., New Haven & Hartford | 7 mos. | .03 | 109 | 3.57 | 50.7(g) | 6 |
| Norfolk & Western Ry. | 7 mos. | .05 | 36 | 12.23 | 10.7(g) | 10 |
| Pennsylvania R. R. | 6 mos. | .02 | 48 | 2 31 | 16.2(g) | 4 |
| Pere Marquette Ry. | 7 mos. | .01 | 53 | 1.57 | 49.0(g) | 6(a) |
| St. Louis Southwestern | 7 mos. | (d) | 102 | (d) | — | — |
| Southern Railway | 7 mos. | .01 | 96 | .94 | 53.4(g) | 8 |
| Texas & Pacific Ry. | 7 mos. | .02 | 71 | 3.41 | 22.6(g) | 5 |

## Public Utilities

| Company | Period of Report | Earned per Dollar of Net Worth | Ratio of Debt to Net Worth | Earned per Share of Common | Market Value Sept. 9, 1930, Times Earnings | Dividend Rate |
|---|---|---|---|---|---|---|
| Commonwealth & Southern | 12 mos. | .03 | 42 | .67 | 20.9 | .60 |
| Elec. Power & Light | /2 mos. | .09 | ND | 2.87 | 26.1 | 1 |
| Engineers Public Service | 12 mos. | .04 | 74(s) | 2.82(k) | 21.4 | 2.40 |
| Niagara Hudson Pr. | 12 mos. | .03 | 43(s) | .61 | 26.2 | .40 |
| Pacific Gas & Elec. Co. | 6 mos. | .03 | 104 | 1.60(k) | 18.4(g) | 2 |
| United Lt. & Power Co. | 12 mos. | .06 | 134(s) | 2.37-A&B | 17.3-A | 1 |

A—Class "A" Stock. B—Class "B" Stock. ND—No Funded Debt. NM—Negligible. (a) And extra. (b) Before taxes. (d) Deficit. (g) Based upon estimated yearly earnings as indicated by period reported. (k) Based upon average number of shares outstanding during period. (m) Including mortgages. (s) Including obligations of subsidiaries. † Payable in common stock.

[illegible]

# New York Curb Exchange

## IMPORTANT ISSUES

### Quotations as of Sept. 11, 1930

| Name and Dividend | 1930 Price Range High | Low | Recent Price |
|---|---|---|---|
| Aluminum Co. of Amer...... | 356 | 210 | 239 |
| Aluminum Pfd. (6).......... | 110 | 105½ | §110¼ |
| Amer. Cyanamid "B" (1.60) | 37 | 17⅜ | 19⅝ |
| Amer. Gas Elec. (1).......... | 157 | 104 | 131 |
| Am. Lt. & Traction (2½)... | 89¼ | 52⅞ | 62¾ |
| Amer. Superpower (1)........ | 39½ | 20¼ | 24⅝ |
| Assoc. Gas Elec. "A" (2.40) | 46⅛ | 30⅛ | 30⅛ |
| Central States Elec. (.40)... | 39¾ | 19 | 24⅛ |
| Cities Service (.30).......... | 44⅛ | 24⅛ | 29¼ |
| Cities Service Pfd. (6)....... | 93⅞ | 88 | 91⅜ |
| Cleveland El. Ill. (1.60)..... | 93 | 50⅛ | 59 |
| Cons. Gas of Balt. (3.60)... | 136⅞ | 90½ | §118⅛ |
| Consolidated Laundries (1)... | 16 | 10 | §14¾ |
| Cosden Oil ................ | 74¾ | 28 | 29⅜ |
| Deere & Co. (1.20).......... | 162⅝ | 65⅛ | 77¾ |
| Durant Motors ............ | 7 | 2⅝ | 4 |
| Elec. Bond Share (6) Stk... | 117⅞ | 70¼ | 84¼ |
| Ford Motors of Can. A (1½) | 38½ | 23 | 23¾ |
| Ford Motors, Ltd. (.37½).... | 23½ | 10¼ | 21¾ |
| Fox Theatre A ............ | 17⅝ | 2½ | 10½ |
| General Baking ............ | 4⅜ | 2¼ | 2⅞ |
| General Baking Pfd. (3).... | 54½ | 27 | 38½ |
| Gen. El. Ltd. rcts, Eng. (.50) | 14 | 10¾ | §11½ |
| Glen Alden Coal (8)......... | 121½ | 75 | §87¼ |
| Goldman Sachs T........... | 46¾ | 15⅛ | 19⅞ |
| Gulf Oil (1.5) ............. | 166⅞ | 115⅛ | 120½ |
| Hecla Mining (1) ........... | 14 | 8¾ | 10½ |
| Humble Oil (2) ............ | 119 | 78 | 90 |
| Hygrade Food Products ..... | 15 | 8⅛ | 9½ |
| Insull Util. Invest. Inc. (9%) Stk. ............ | 71 | 53⅝ | 56⅛ |
| Insur. Securities Inc. (1.40). | 23 | 13⅞ | §12¾ |

| Name and Dividend | 1930 Price Range High | Low | Recent Price |
|---|---|---|---|
| Internat. Pet. (1)........... | 24 | 17½ | 19 |
| International Utilities B .... | 19½ | 6⅞ | 13½ |
| Lefcourt Realty (1.85)...... | 25½ | 13¾ | §14⅝ |
| Lion Oil Refining (2)........ | 29 | 18⅝ | §18⅜ |
| Lone Star Gas (1)........... | 55⅞ | 34⅛ | 39⅜ |
| Metro Chain Stores.......... | 30 | 4 | 6⅞ |
| Mid. West Util. (8%) Stk... | 38 | 25⅝ | 29⅛ |
| Mountain Producers (1.60)... | 12⅛ | 8 | 9¼ |
| National Fuel Gas (1)....... | 41⅜ | 25⅛ | 33½ |
| New Mex. & Arizona Land.. | 7¼ | 3⅛ | §3½ |
| Newmont (4) .............. | 141⅞ | 79 | 87¼ |
| Niagara Hudson Power (.40) | 24⅛ | 15¼ | 16⅞ |
| North. States Pow. A (8)... | 183½ | 130 | 157 |
| No. States Pow. Cum. Pf. (6) | 102 | 95½ | 101 |
| Novadel-Agene (3¼) ....... | 39⅞ | 22⅝ | 39⅞ |
| Pennroad Corp. (.20) ....... | 16⅛ | 10⅛ | 10¾ |
| Pittsburgh & Lake Erie (5).. | 130 | 106 | §116 |
| Ruberoid Co. (4) ........... | 64¾ | 39¾ | 45 |
| Safety Car & Heat. (8)..... | 147 | 109¼ | §115 |
| Salt Creek Producers (2).... | 15¼ | 8¼ | §10½ |
| Standard Oil of Ind. (2½)... | 59⅞ | 47⅝ | 49⅜ |
| Transcontinental Air Trans.. | 10⅞ | 5⅞ | 8¼ |
| Trans Lux ................. | 13½ | 4¼ | 11 |
| Ungerleider ................ | 36⅛ | 21¾ | §29⅝ |
| United Founders Corp. (2/35 sh. com.) ............ | 44 | 15½ | 16⅞ |
| United Lt. & Pow. A (1).... | 56 | 27½ | 41⅜ |
| United Lt. & Pow.cv.Pfd. (6) | 119⅜ | 97⅛ | 110 |
| Utility & Indus. Corp....... | 23¾ | 12⅛ | 14½ |
| Utility Pow. & Lt. (1)...... | 28 | 14¼ | 18⅝ |
| Vacuum Oil (4)............. | 97⅞ | 76¼ | 78¾ |

§ Bid price.

(*Continued from page 829*)

gram, opening several new units in better locations. Numerous products of Childs' kitchens such as coffee, candy and marmalade, now are sold in the restaurants and while this branch is in its infancy, results have been up to expectations and the company's earning power should be augmented from this source in the future. Little near term market appreciation is looked for, as the shares are relatively high in relation to earnings, but with the outlook for an uptrend in earnings, we would suggest retention for a period of a year or more.

### AIR REDUCTION CO., INC.

*In anticipation of the usual seasonal increase in activity, would you recommend the purchase of Air Reduction common around 125? My broker tells me that this stock has good profit possibilities because of its recent acquisition of the Magnolia Gas Products Company and the gains being made by the Pure Carbonic Company, which I understand is also controlled by Air Reduction. Will you please let me have your advice in this matter?—M. M. K., Tampa, Fla.*

Air Reduction Co., Inc., has constantly broadened its scope of operations, with the result that it now ranks as a leading enterprise in its field. The company extracts oxygen, nitrogen and other gases from atmosphere, and manufactures oxy-acetylene welding equipment. Recently it acquired the business and properties of Magnolia Gas Products Co., with oxygen plants in Houston, Beaumont and San Antonio, Texas, and an acetylene plant in Houston. Thus, the company enters an important and growing field of welding pipe lines, in which it previously had not been represented. Moreover, earnings are likely to be further augmented by the profitable operations of Pure Carbonic Co. This company, 50% owned by Air Reduction, is one of the largest producers of carbon dioxide used in carbonated drinks and is in a strong position to attain the rank of leading enterprise in the new dry ice field. Earnings record of Air Reduction reveals an upward trend since 1924, with last year's gross and net establishing new high levels. Per share earnings amounted to $7.75 as compared with $4.60 in 1928 and $3.58 in 1927. Despite reduced industrial activity, earnings for the initial half of current year of $3.64 a share were 5.6% above that reported for the corresponding half of 1929. Although net during current quarter is likely to decline, full year earnings should compare favorably with 1929 results, assuming that the usual seasonal increase in activity develops in the final quarter. On March 31, last, the company had on hand cash, marketable securities and call loans of

$11,800,828 compared with current liabilities of less than $2,000,000. Although its shares are not undervalued at present levels, strong financial position, capable management and attractive long term outlook justify commitments on market reactions, providing you are prepared to exercise a degree of patience.

## "The Dayton Crowd"

*(Continued from page 791)*

for mass production that was largely instrumental in the colossal output of American aircraft factories during the war period. But it was as president of the Miami Conservancy District that he first got in touch with the National City and high finance. He had a share in the ordering of the Cuban sugar tangle and gradually became one of those men behind the scenes in New York, of whom the public knows and hears little—directors "without portfolio" or title. He is now a director of the National City Bank, but the chances are that he is more interested in his aviation activities than in the billion dollar bank. Keeping up his interest in aeronautics, Col. Deeds as chairman of the Niles-Bement-Pond Co. and a director of Pratt & Whitney, has been active in the aircraft engine "game" since the war in the development of the famous Wasp and Hornet engines, and now as chairman of the executive committee of the United Aircraft and Transport consolidation he has not been able to escape the spotlight of celebrity. He maintains his residence at Dayton, has a string of outing camps in Ontario, but spends most of his time in New York, with offices in Wall Street, a residence suite in the Savoy Tower, and a yacht for a summer home, which carries a seaplane in which he flies to business.

*In the Aviation Big League*

It is notable that the United Aircraft and Transport group includes a number of men who were associated in war-time aircraft production, and the Dayton crowd is well represented. Besides Col. Deeds the delegation includes Gordon Rentschler, Frederick B. Rentschler (brother of Gordon), president of U. A. & T. and of the Pratt & Whitney Company; C. W. Deeds (son of Col. Deeds), secretary and treasurer of the Pratt & Whitney Company, and Charles F. Kettering.

Frederick Rentschler in his earlier years was associated with his father and brothers in their companies at Hamilton and there became deeply in-



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# "Tips on Books"

## Book Review Section of The Magazine of Wall Street

FINANCE · ECONOMICS · TRAVEL · FICTION · BIOGRAPHY

### OPERATING ASPECTS OF INDUSTRIAL MERGERS

By WILLIAM R. BASSET

*Harper & Brothers, New York*

"TO merge, or not to merge"—that is the question which Mr. Basset discusses in a very interesting and helpful way in his latest book entitled, "Operating Aspects of Industrial Mergers." From the first chapter, in which the fundamentally sound basis for a merger is analyzed in detail, clear through the book, specific examples of industrial companies are drawn from the wide experience of the author. This feature, alone, greatly enhances the value of the book and gives the reader an otherwise difficult-to-obtain inside picture of the real reasons why some of our large corporations have recently seen fit to combine.

We were impressed with one interesting and valuable chapter devoted to the technical details of putting a merger together; and with another dealing with the problems a merger must solve. The widely accepted theory that a merger is the ideal solution for many a corporation's declining earnings' trend is fully exploded in Mr. Basset's discussion of the true and lasting benefits to be derived from merging.

The whole book is written in the author's interesting, easy-to-read style and makes a valuable addition to any library of business books—whether it is purchased from the standpoint of concretely utilizing the procedure outlined, or merely to obtain a deeper understanding of the foundation upon which our large corporations have reared a superstructure of industrial solidarity and success.

D.

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terested in power plants. He was in the Air Service during the war in the aircraft production department, attaining the rank of captain. After the war he organized the Wright Aeronautical Corporation and later the Pratt & Whitney Aircraft Company. Two years younger than his brother, Gordon, Fred would rather finger machines than collateral, and consider a grimy factory a more impressive spectacle than a bank lobby with a bunch of Sam-Brown-belted guards. He wouldn't trade the job of president of United Aircraft and Transport for that of his brother as president of the National City Bank. C. W. Deeds, secretary and treasurer of the United Aircraft and Transport was a baby when the Wrights put Dayton on the map as the aviation town in 1903. He fairly grew up in planes, loves to pilot, and when the time came was liberally backed by his father, the colonel, for a career of his own. Both Fred Rentschler and Deeds, Jr., now have their country homes at Hartford, where are located the Pratt & Whitney works. They fly back and forth to New York and elsewhere.

Thomas J. Watson is another of the old Cash Register crowd who was fired by the elder Patterson for being too good. By that time it began to be understood that the best testimonial a man could have was forcible ejection from the institution that made Dayton famous. It gave Watson a start on a career that has steadily gained momentum. He took up with the International Time Recording Company, gathered in a group of business machine companies and now heads the merger, the International Business Machines Corporation. He's also a director of the Guaranty Trust Company and takes a keen interest in the International Chamber of Commerce.

Among other executives of national fame who were brooded in Dayton is Richard Grant, who was at one time sales manager of Delco. He moved on into the General Motors group and is one of the bright stars of the constellation of 86—or whatever the number—executives that John J. Raskob set out to turn into millionaires—and did, if they were not already in that class. "Dick," as the Dayton gang call him, has had an assortment of progressively important jobs with General Motors and is now vice-president in charge of all General Motors sales.

Joseph E. Rogers, Chicago, president of the Addressograph Company, is another of the business machine executives of the Dayton crowd. Dayton, it seems, not only took to the air early and spawned aeronautical millionaires but it spread the business machine over the world, thus being largely responsible for the pest of too much mail and prompt bills. One of the Dayton crowd who has steadfastly remained in Dayton is George H. Mead, the paper manufacturer, with wide interests in the United States and Canada. Other well-known national business figures who must be mentioned in the Dayton crowd also had their beginnings with National Cash Register. There is Hugh Chalmers, automobile manufacturer and industrialist and Alvan Macauley, a man justly renowned for his practical vision and high idealism who, as president of Packard Motors has devoted the past twenty years to the sound upbuilding of his company.

The latest Dayton invader of New York is Harold E. Talbott, Jr. He was one of the original Dayton aircrafters, along with his father the late H. E. Talbott, Sr., who was head of the Dayton-Wright Company. Harold has been in New York only six years but he is already one of the men whose trails you cross frequently in Wall Street, although it is impossible to tag them with corporation titles—one of the growing group of executives without designation, who promote brilliantly and manage without title. He is well up the millionaire scale and makes his money so easily that it does not interfere with his polo and other diversions.

A general impression of this Dayton crowd is that whether of the first or the second generation they are having great fun in and out of business. As far as they are concerned one might as well forget the type of business man weighed down by cares and unknown to play.

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## Important Corp. Meetings

| Company | Specification | Date of Meeting |
|---|---|---|
| Allied Chem. & Dye Corp | Dividend | 9-30 |
| Amer. Can Co | Dividend | 9-30 |
| Amer. Home Prod. Corp | Dividend | 9-25 |
| Anaconda Copper Mining Co | Directors | 9-25 |
| Atlas Powder Co | Dividend | 9-24 |
| Baltimore & Ohio R. R | Dividend | 9-24 |
| Byers (A. M.) Co | Dividend | 9-25 |
| Canada Dry Ginger Ale, Inc | Dividend | 9-22 |
| Corn Prod. Refining Co | Dividend | 9-26 |
| Delaware, Lack. & W'rn R. R | Directors | 9-25 |
| Eaton Axle & Spring Co | Dividend | 9-24 |
| Gold Dust Corp | Dividend | 9-24 |
| Liquid Carbonic Corp | Dividend | 9-25 |
| McCrory Stores Corp | Dividend | 9-25 |
| New Jersey Zinc Co | Dividend | 9-24 |
| Oil Well Supply | Dividend | 9-24 |
| Southern Calif. Edison Co | Dividend | 9-26 |
| U. S. Industrial Alcohol | Dividend | 9-25 |

# *LOW-PRICED STOCKS?*

¶ Low-priced stocks, on account of the small funds required per share, may, even by a few points advance, show very large profits. Take a stock selling at $12 a share which advances, say, 6 points. Here in this six-point advance is just as much profit as a high-priced stock really shows by advancing from 180 to 270. Many low-priced stocks do, in fact, show larger advances on their selling prices than any other stocks in the list.

¶ At the same time, note this: Many low-priced stocks are highly speculative—they simply look cheap, but in fact are not. Hence making profits in this low-priced field calls for the most careful selection.

## *What possibilities do these stocks offer now—at these prices—*

| | | |
|---|---|---|
| **Fisk Rubber 1⅞?** | **Remington Rand 29½?** | **Int. Nickel 25?** |
| **Ward Baking B 9¼?** | **Blue Ridge 8⅛?** | **Packard 13¾?** |
| **Com'l Solvents 27?** | **Hupp Motors 14?** | **Ind. Refining 13⅛?** |
| **Davison Chemical 26⅝?** | **Mexican Seaboard 24?** | **Armour B 3¼?** |
| **Amer. Cyanamid B 16⅞?** | **United Cigar St. 7¼?** | **Pure Oil 19⅝?** |
| **Jordan Motor 1⅝?** | **Grigsby-Grunow 10⅝?** | **Kolster 2½?** |
| **Willys-Overland 6?** | **Durant Motor 4?** | **Curtiss-Wright 6¾?** |

***All these stocks are analyzed in our latest Special Report. Among these stocks, four sound issues we select as the best and describe specifically in this report.***

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## Opportunity Beckons in Bonds

(*Continued from page* 789)

rate foreign government bonds immediately following the war. When interest rates fell an otherwise natural rise was prevented by their call price and many have now been refunded at a rate extremely disadvantageous to their holders. Whereas, of the low coupon rates, which it was possible to buy at some fifty or sixty cents on the dollar, many are still at a discount and the majority far below call price.

Convertibles and bonds with warrants are in a class by themselves and should be very carefully considered before including them in the list of a man wanting bonds as bonds. Frequently when buying this sort of security in place of a standard issue, the purchaser is committing himself to something very much more suitable to a list of stocks. The cause is overemphasis of the participating feature. The prospective bond investor should make perfectly sure that the bond part of this hybrid is sound as such, and to him the convertible feature should be of very minor importance. If this test cannot be met, then it is almost surely better to forego the purchase. He may, however, if his private situation permits it, sacrifice a portion of his return, but never safety of principal, in order to speculate specifically in the growth of the company.

Finally, although the soundness of a bond is of great importance, it is undesirable to go to extremes in emphasizing this point. The present market is an illustration. The manner in which the activity this year has centered in "legals," reflecting, no doubt, the institutional buying about which we have previously spoken, has been very apparent and it is only in very recent weeks that any notice at all has been taken of those issues of a slightly less conservative character which afford a somewhat higher yield. This lag is not entirely warranted and is caused by excessive caution, the aftermath of the crash.

There are numerous high grade railroad and public utility bonds, not quite up to legal standard, and industrials, many of which have large issues of preferred and common stock ahead of them, that have been held back unnecessarily by temporarily lower earnings on the common. A glaring example of the hypersensitiveness of the present market is also illustrated by the excellent yield still obtainable on Federal Land Bank Bonds, first class securities, but which have been depressed by the psychological effect of the drought. In the case of "foreigns," however, it would appear that this sensitiveness is not without some real grounds and that special attention should be given to the internal conditions in a country before selection is made. There is a great deal of basic unsettlement all over the world, notably in South America, China, Australia and India, and with the many opportunities at home it would seem unnecessary to look further afield — here in the United States at the present moment, the bond market offers a good safe return and excellent prospects of price appreciation.

## Will Rate Reductions Hamper Public Utility Progress?

(*Continued from page* 799)

put which lower rates might induce. The computations are only rough approximations, assuming that a reduction in gross will be carried directly down the line to final net earnings, although actually if reduced rates are enforced, operating expenses will no doubt be cut to the bone.

The vagueness and uncertainty regarding the political status as well as the current effect on the utilities of depressed business conditions, which for the time being is preventing them from showing their normal rate of growth, has dampened somewhat the enthusiasm with which these stocks have been favored in recent years. Only a continuance of their growth would justify the price at which these stocks have been selling, but in all probability when the next business revival is ushered in, the utilities will again take their rightful place.

## If Prices Stabilize . . . or Descend—

(*Continued from page* 787)

that just as the creditor classes were seriously injured and in some instances, particularly in Europe, ruined by the rise in prices between 1913 and the post-war period, the debtor classes and debtor nations would suffer enormously.

In some quarters it is contended that if the future level of prices is not maintained at least 25 per cent above that of 1913, German reparation obligations and the debts of the allies to the government of the United States must be repudiated. The level at the moment is only 20 per cent above that of 1913. In other words, it is held that price deflation is already at a critical point. Economists who take this position think that already the factor of deflation attributable to a world shortage of credit, whether due to an actual gold shortage or failure intelligently to implement the gold supply, is forcing prices downward. This is referred to as an artificial and fictitious deflation, utterly unrelated to the world's true demand-and-supply equation. The only answer to such a threat to prosperity is a deliberate inflation of credit to correct the excesses of deflation, which is charged by some students of the present situation to a deliberate policy of the world's central banks as well as to the general restoration of the gold standard and its extension.

The latest and perhaps the most significant effect of the fall of commodity prices is an organized international effort behind the scenes to expand credit, that is, to make gold go further, cheapen money, and thereby raise prices. Perhaps the Federal Reserve system has it entirely within its power to deal with the present price situation insofar as it is artificial, without seeking the accord of foreign central banks. The men who are engineering this movement contend that the prosperity of the world can no longer be permitted to be at the mercy of the geological accident of the amount of recoverable gold in the earth's crust.

## Earnings or Income?

(*Continued from page* 793)

than the "26 times earnings" of 1929, and at the moment many competent observers believe that we are seeing the worst of the current depression.

If business improvement is so long delayed, however, that it further impairs corporate earning power, then, of course, stock prices would be expected to find a level where income buying alone would support the market. Such a condition prevailed in 1921, when scarcity of investment capital and the large risks that were assumed to be undertaken in stock investments during that depression year combined to bring liberal yields to buyers. It was in the darkest days of that year when U. S. Steel yielded 7 per cent on its $5 dividend and Atchison yielded 8 per cent, paying $6. American Tel. & Tel., the "nation's prime investment stock" yielded a flat 9 per cent cash return at 95; Consolidated Gas brought an income of 9.7 per cent; Bethlehem Steel paid $5 and yielded 12½ per cent; and Westinghouse yielded 10 per cent; and

# Building and Loan Associations

We will be glad to answer questions regarding Building and Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Departmet, c/o The Magazine of Wall Street, 42 Broadway, New York City.



**TO BUILDING AND LOAN INVESTORS:—**

We are endeavoring to give our subscribers and readers more explicit information on their B. & L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, New York City.



Anaconda yielded 8 per cent on its $2.50 dividend. Such stocks as American Can, Standard Gas now in the 3 per cent dividend class had not as yet become dividend payers and Baltimore & Ohio paid no dividends in that year.

Such items, however, belong more to the "I knew them when . . . ." type of comment than to any comparison of practical value today. To get down to a 6 or 8 per cent yield basis on present cash dividends, the typical investment stocks of today would have to sell down from 25 to 50 per cent of their current market value. The present corporate practice of paying conservative cash dividends and reinvesting surplus earnings in betterments or expansion gives too much influence to the price earnings ratio to warrant such values in any sort of circumstances short of a substantially sharper business recession in the coming years than the worst that we have seen to date.

## Trade Tendencies


*(Continued from page 812)*


stays of the past summer, is conjectural. Miscellaneous orders have recently increased somewhat and the season of larger rail orders is close at hand but the prospect of anything substantial in the way of equipment purchases is not promising.

Prices, as a whole, have shown little change but it was recently reported that sheets for fourth quarter delivery will be advanced $1 to $2 a ton by producers in the Chicago district. Considerable importance is being attached to the firmness in scrap prices because both in 1924 and 1928 a similar condition was the forerunner of a sharp upturn in the industry. It is obvious that the industry is rapidly approaching a period in which developments will afford an accurate indication of the proximity of a general business revival.

### RUBBER

*Industry Depressed*

The rubber manufacturing industry continues in a sick condition and there are signs that it will probably be worse before it is better. Leadership is commonly lacking and there is little effort made toward cooperation. Periodic overproduction with attendant price wars is monotonously familiar. The manufacturers' excuse that they have to contend with widely fluctuating prices for crude rubber is not without some

validity, but, after all, the rubber exchange has been open for several years and it ought not to be difficult to arrange some sort of hedge against commitments such as is commonly practiced in other basic commodities, One of the self-imposed handicaps in the industry is that manufacturers make more tires, for instance, than can reasonably be consumed and subsequently cut prices in an effort to move excess stock. They are then obliged to mark down any inventory that remains to the level of the market that they themselves have depressed. This, of course, accounts for a terrific inventory loss that is not a crude rubber inventory loss but a tire inventory loss. The distinction is an important one. Incidentally, at present prices for crude rubber, this item represents less than 15% of the cost of the average tire, and even with crude rubber at 25 cents the percentage of the manufacturing cost is not much above 30. Other items are then vastly more important in the profit and loss account than the price of crude rubber and it is to a better control of these other factors that the industry should bend its energies. There is, however, one bright spot in the outlook. The industry is a basic one and is in the enviable position of having a steadily increasing demand for its products. Perhaps the present depression will give rise to new policies, resulting in a sound, sane prosperity at last.

## Norfolk & Western

(*Continued from page* 801)

of gross revenues reverted to net income and earnings available for the common stock were the largest ever reported by the road. Net income totalled $41,786,500, or the equivalent of $29.06 a share on the common, after allowing for preferred dividends as compared with $30,727,000 and $21.25 a share in 1928. The record set up in 1926, in which year net amounted to $36,867,500, was bettered by nearly 14% in 1929.

### *Outlook for Earnings*

Under the conditions which have prevailed this year, it is hardly to be expected that earnings would be sustained at the high pace set in 1929. Nevertheless, the showing of the road thus far may be regarded as highly satisfactory. Net income for the first seven months amounted to $17,738,330, equivalent after dividend requirements on the preferred shares, to $12.23 a share on the common stock. In the similar period of 1929, the common earned $14.95 a share. The drop in gross revenues this year was prevented from being entirely carried to net income by a reduction in transportation expenses and curtailed expenditures for maintenance of way and equipment. Previous liberal expenditures have made it possible to effect timely economies without harming the physical condition of either the property or equipment.

It has been unofficially estimated that earnings for the full current year will exceed $21 per share on the common stock and if this estimate is ultimately borne out by actual results, the shares are in line for an extra dividend at the end of the year. It was recently disclosed that Norfolk & Western, during the past five years, has earned $65 a share in excess of dividend disbursements on the common stock. Actually, therefore, while the dividend rate is comparatively high, it is decidedly conservative in relation to developed earnings.

The high earning power of the road naturally brings to mind the possibility of recapture. The Interstate Commerce Commission in 1927 notified Norfolk & Western that recapture proceedings would be instituted. No date, however, was set for the hearing. It is understood that the road has completed the work of valuing its properties, equipment, etc., and is prepared to defend its case at at such time as the Commission decides. On October 19, 1929, the I. C. C. placed a final value on the road's owned and used properties of $236,240,000 as of June 30, 1916. This valuation, as well as all others made by the I. C. C., however, was virtually voided by the decision of the United States Supreme Court in the St. Louis and O'Fallon case, rendered on May 20, 1929. Norfolk & Western claims a value of $844,739,745 for its properties, on which basis earnings last year were equivalent to a return of 5.20% as against 6% allowed by the Transportation Act, before recapture would be possible.

The substantial earning power developed by Norfolk & Western, together with the strategic location of its lines and the large volume of long haul tonnage originated, places the road in a strong merger position. In the 1929 Consolidation Plan submitted by the Interstate Commerce Commission, Norfolk & Western was assigned to the Wabash-Seaboard System and is, by a considerable margin, the strongest road in that group both from the standpoint of earning power and financial position. On the other hand, Pennsylvania Railroad is known to have working control by virtue of its ownership of about 42% of Norfolk & Western voting stock. It is understood that the I. C. C. is planning to take steps to compel Pennsylvania to relinquish control but it is quite certain that the latter would strongly contest any move designed to deprive it of a profitable investment or jeopardize the highly favorable traffic relations which now exist with Norfolk & Western. Regardless, however, of the ultimate destiny of the road as a merged property, there is no gainsaying Norfolk & Western's thriving existence as an independent road. Merger possibilities are likely to be a secondary consideration with stockholders of a road paying annual dividends of from $10 to $12 and earning them by a wide margin.

Current quotations for Norfolk & Western common around 220 compare with the high and low for the year of 265 and 213¼ respectively and represent a ratio to estimated earnings of but slightly more than 10 to 1. Income return on the basis of the regular $10 dividend is equivalent to 4.54% and in the event that an extra of $2 is paid at the end of the year, which appears to be a reasonable expectation, the yield would be increased to 5.45%. Judged by any standard of investment values, the shares combine qualities which should attract the conservative purchaser of equity securities.

# Financial Notices

### Dividends and Interest

## Warren Brothers Company

**PREFERRED STOCK DIVIDEND NO. 114**

Dividends of Twenty-five Cents (25c) per share on the First Preferred Stock and of Twenty-nine and One-sixth Cents (29 1/6c) per share on the Second Preferred Stock of this Company have been declared for the quarter ending September 30, 1930, payable on October 1, 1930, to stockholders of record at the close of business on September 16, 1930.

**CONVERTIBLE PREFERRED STOCK DIVIDEND NO. 2**

A dividend of Seventy-five Cents (75c) per share on the Convertible Preferred Stock of this Company has been declared for the quarter ending September 30, 1930, payable on October 1, 1930, to stockholders of record at the close of business on September 16, 1930.

**COMMON STOCK DIVIDEND**

A quarterly dividend of Seventy-five Cents (75c) per share has been declared on the Common Stock of this Company, payable on October 1, 1930, to stockholders of record at the close of business on September 16, 1930.

E. SUTCLIFFE, Treasurer.

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**SOUTHERN RAILWAY COMPANY**

New York, September 11, 1930.

**PREFERRED STOCK**

A dividend of one and one-quarter per cent. (1¼%) on the Preferred Stock of Southern Railway Company has been declared payable on October 15, 1930, to stockholders of record at the close of business September 22, 1930.

**COMMON STOCK**

A dividend of two per cent. (2%) on the Common Stock of Southern Railway Company has been declared payable on November 1, 1930, to stockholders of record at the close of business October 1, 1930.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY, Secretary.

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## Endicott Johnson Corporation

**Dividend No. 46**

The Board of Directors has declared a quarterly Preferred dividend of One Dollar Seventy-five Cents ($1.75) per share, and a Common dividend of One Dollar Twenty-five Cents ($1.25) per share, payable October 1, 1930, to stockholders of record as at the close of business September 18, 1930.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

MAURICE E. PAGE,
Secretary.

September 2, 1930

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**WILSON & CO., INC.**

**PREFERRED STOCK DIVIDEND**

The Board of Directors of Wilson & Co., Inc., a Delaware Corporation, has declared a dividend of one and three-quarters per cent. (1¾%) per share on its Preferred Stock, payable October 1, 1930, to holders of record at the close of business September 22, 1930, to apply against accumulated dividends.

Checks will be mailed.

Dated, Chicago, September 12, 1930.

GEORGE D. HOPKINS, Secretary.

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**The New York Central Railroad Co.**

New York, September 10, 1930.

A Dividend of Two Dollars ($2.00) per share on the capital stock of this Company has been declared payable November 1, 1930, to stockholders of record at the close of business September 26, 1930.

H. G. SNELLING, General Treasurer.

### Dividends and Interest

## National Cash Credit Ass'n

**National Cash Credit Association**

**Preferred Stock Dividend No. 30**

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Twenty Cents (20c) per share and a stock dividend of Three One-Hundredths (3/100ths) of one share has been declared on the Preferred Stock of the Association, payable on October 1st, 1930, to stockholders of record September 11th, 1930.

OSCAR NELSON, Treasurer.

**National Cash Credit Association**

**Common Stock Dividend No. 30**

The regular quarterly dividend of Twenty Cents (20c) per share and a stock dividend of Three One-Hundredths (3/100ths) of one share has been declared on the Common Stock of the Association, payable October 1st, 1930, to stockholders of record September 11th, 1930.

OSCAR NELSON, Treasurer.

Note: Stock originally issued after July 1st, 1930, will receive a pro rata dividend according to resolution.

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**a.c.f.**

**AMERICAN CAR AND FOUNDRY COMPANY**

PREFERRED DIVIDEND No. 126
COMMON DIVIDEND No. 112

There have been this day declared a dividend of one and three-quarters percent (1¾%) on the Preferred Stock and a dividend of One and One-Half Dollars ($1.50) per share on the Common Stock without par value, of this Company, payable Wednesday, October 1, 1930, to stockholders of record at the close of business Tuesday, September 16, 1930.

Checks will be mailed to stockholders by the Guaranty Trust Company of New York

G. R. SCANLAND, *Vice-President*
H. C. WICK, *Secretary*

*New York, September 2, 1930.*

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## LOEW'S INCORPORATED

**"THEATRES EVERYWHERE"**

*September 5th, 1930*

THE Board of Directors of Loew's Incorporated has declared a quarterly dividend of 75c per share on the outstanding Common Stock of this Company, payable on the 30th day of September, 1930 to stockholders of record at the close of business on the 13th day of September, 1930. Checks will be mailed.

DAVID BERNSTEIN
*Vice President & Treasurer*

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## THE WESTERN UNION TELEGRAPH COMPANY

New York, Sept. 9, 1930.

**DIVIDEND NO. 246**

A dividend of TWO PER CENT. on the Capital Stock of this Company has been declared payable on the 15th day of October next, to stockholders of record at the close of business on the 25th day of September, 1930.

The transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

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**THE DETROIT EDISON COMPANY**

60 Broadway, New York, September 4, 1930.

A quarterly dividend of Two Per Cent. ($2.00 per share) on the Capital Stock of the Company will be paid on October 15, 1930, to stockholders of record at the close of business on September 20, 1930.

SAMUEL C. MUMFORD, Treasurer.

### Dividends and Interest

## Public Service Corporation of New Jersey

**Dividend No. 93 on Common Stock**
**Dividend No. 47 on 8% Cumulative Preferred Stock**
**Dividend No. 31 on 7% Cumulative Preferred Stock**
**Dividend No. 9 on $5.00 Cumulative Preferred Stock**

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; at the rate of $5.00 per annum on the non par value Cumulative Preferred Stock, being $1.25 per share, and 85 cents per share on the non par value Common Stock for the quarter ending September 30, 1930. All dividends are payable September 30, 1930, to stockholders of record at the close of business September 2, 1930.

**Dividends on 6% Cumulative Preferred stock are payable on the last day of each month.**

T. W. Van Middlesworth, Treasurer.

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## Public Service Electric and Gas Company

**Dividend No. 25 on 7% Cumulative Preferred Stock**
**Dividend No. 23 on 6% Cumulative Preferred Stock**

The Board of Directors of Public Service Electric and Gas Company has declared the regular quarterly dividend on the 7% and 6% Preferred Stock of that Company. Dividends are payable September 30, 1930, to stockholders of record at the close of business September 2, 1930.

T. W. Van Middlesworth, Treasurer

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## *West Penn Power Company*

NOTICE OF DIVIDENDS

The Board of Directors has declared quarterly dividend No. 59 of one and three-quarters per cent. (1¾%) upon the 7% Cumulative Preferred Stock, and quarterly dividend No. 20 of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of West Penn Power Company, for the quarter ending October 31, 1930, both payable on November 1, 1930, to stockholders of record at the close of business on October 3, 1930.

G. E. MURRIE, *Secretary.*

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## AIR REDUCTION CO., INC.

**Lincoln Bldg., 60 East 42nd St., New York**

September 10, 1930.

DIVIDEND NO. 54

The Board of Directors of this Company has declared the regular quarterly dividend of $.75 per share and an extra dividend of $1.50 per share on the capital stock of the Company, payable October 15, 1930, to stockholders of record September 30, 1930.

R. B. DAVIDSON, Secretary.

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**AMERICAN TYPE FOUNDERS COMPANY**

**Jersey City, N. J., Sept. 10, 1930**

**A quarterly dividend (No. 114) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 131) of two per cent on the Common Stock have this day been declared payable October 15, 1930, to stockholders of record at the close of business October 4, 1930. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.**

**WALTER S. MARDER, Secretary**

## $12,000,000

# Chicago and North Western Railway Company

### First and Refunding Mortgage Series "C" 4½% Gold Bonds
### Due May 1, 2037.

Coupon bonds in denomination of $1,000 registerable as to principal and exchangeable for fully registered bonds. Registered and coupon bonds interchangeable upon conditions as stated in the indenture. Interest payable June 1 and December 1.

**NOT REDEEMABLE BEFORE JUNE 1, 1939**

Under the terms of a supplemental indenture dated May 9, 1928, the First and Refunding Mortgage Series "C" Bonds, will be redeemable as a whole only on any interest date after January 1, 1939 at 105% and accrued interest.

**CITY BANK FARMERS TRUST COMPANY, NEW YORK, Corporate Trustee**

**The issuance and sale of these Bonds are subject to the approval of the Interstate Commerce Commission**

***In the opinion of counsel these bonds are a legal investment for savings banks in the States of New York, Massachusetts, New Jersey, Connecticut, California, Minnesota, Wisconsin, and other states.***

*For further information regarding the Company and this issue of Bonds, reference is made to a letter dated September 9, 1930, from Fred W. Sargent, Esq., President of the Chicago and North Western Railway Company, copies of which may be obtained from the undersigned, and from which the following is quoted:*

"The purpose of the sale of these Bonds is to reimburse the treasury of the Company for expenditures heretofore made for additions, betterments and improvements to the Company's property subject to the lien of the First and Refunding Mortgage.

The First and Refunding Mortgage Bonds are secured by a lien on all the Company's lines of railway owned at the date of the mortgage and their equipment and appurtenances, including the very extensive and valuable terminals of the Company in the cities of Chicago and Milwaukee and in other cities which it serves, together with all other property thereafter acquired by the use of bonds secured by the First and Refunding Mortgage. The Company's lines of railroad aggregate 8,384.53 miles first main track on 1,286.22, of which the First and Refunding Mortgage is a first lien, while on the remaining mileage, said equipment, etc., it is or will be subject, in so far as such bonds have liens on the several parts thereof, to $216,022,000 prior bonds (including General Mortgage Bonds which may still be issued for other than refunding purposes), for the refunding of which a like face amount of First and Refunding Mortgage Bonds is reserved. The Company covenants not to renew or extend any of the prior bonds. The prior bonds for which General Mortgage Bonds are reserved may be refunded by the use of either General Mortgage Bonds or First and Refunding Mortgage Bonds. The Company's $6,571,000 5% Debentures of 1933, included in the above mentioned prior bonds, are entitled to share, to the extent required by their terms, in the security of the General Mortgage and the First and Refunding Mortgage. The entire funded debt of the Company, secured by mortgage or the pledge of mortgage bonds, (excluding Equipment Trust Certificates and the unsecured Convertible Debenture Bonds) outstanding in the hands of the public after the issuance of these $12,000,000 First and Refunding Mortgage Bonds, will amount to $243,380,000, equal to only $29,027 per mile of first main track.

The Chicago and North Western Railway Company serves the important territory between the Great Lakes and the Missouri River Valley, and to the west thereof its lines extend into the states of South Dakota, Nebraska and Wyoming. The lines of the Company connect such important centers as Chicago, Illinois, Milwaukee and Madison, Wisconsin, Des Moines, Sioux City and Council Bluffs, Iowa, Omaha and Lincoln, Nebraska, and Pierre, South Dakota. At Council Bluffs the Company's lines connect with those of the Union Pacific System, thus forming an important link in a through passenger route to the Pacific Coast.

The revenues and income of the Company during the past five years have been as follows:

| Years Ended Dec. 31 | Gross Income applicable to the payment of interest on funded debt and other items | Interest on funded debt and other items | Balance applicable to dividends |
|---|---|---|---|
| 1925.... | $23,424,996.11 | $12,640,418.09 | $10,784,578.02 |
| 1926.... | 25,000,542.08 | 12,580,700.75 | 12,419,841.33 |
| 1927.... | 23,097,519.60 | 13,171,456.79 | 9,926,062.81 |
| 1928.... | 25,570,846.92 | 13,512,256.52 | 12,058,590.40 |
| 1929.... | 29,411,516.55 | 13,812,460.52 | 15,599,056.03 |

On account of unfavorable business conditions, the earnings for the current year to date compared with the same period of previous years have shown a large decrease, but it is estimated that for the full year 1930 earnings applicable to fixed charges and other items will amount to over one and one-half times interest on funded debt and other items for the same period.

The First and Refunding Mortgage 4½% Gold Bonds are secured by a mortgage dated May 1, 1920. The total amount of bonds which may at any one time be outstanding under this mortgage is limited to an amount which, together with all outstanding prior debt of the Railway Company, as defined in the said mortgage, after deducting therefrom the amount of all bonds reserved to refund prior debt at or before maturity, shall never exceed three times the par value of the then outstanding capital stock of the Railway Company.

In addition to the $12,000,000 Series "C" 4½% Bonds which you have agreed to purchase, $20,572,000 4½% Bonds and $15,250,000 of 5% Bonds secured by this mortgage are outstanding in the hands of the public. In addition to the Bonds reserved for the refunding as above stated, bonds may be issued under the First and Refunding Mortgage for the construction or acquisition of railroads, for additions and betterments, rolling stock and floating equipment to become subject to the mortgage. The Company has the right in the manner provided in the mortgage to reserve or to issue bonds to refund the indebtedness of other companies which it may acquire through purchase, consolidation or merger and whose properties shall become subject to the lien of the First and Refunding Mortgage.

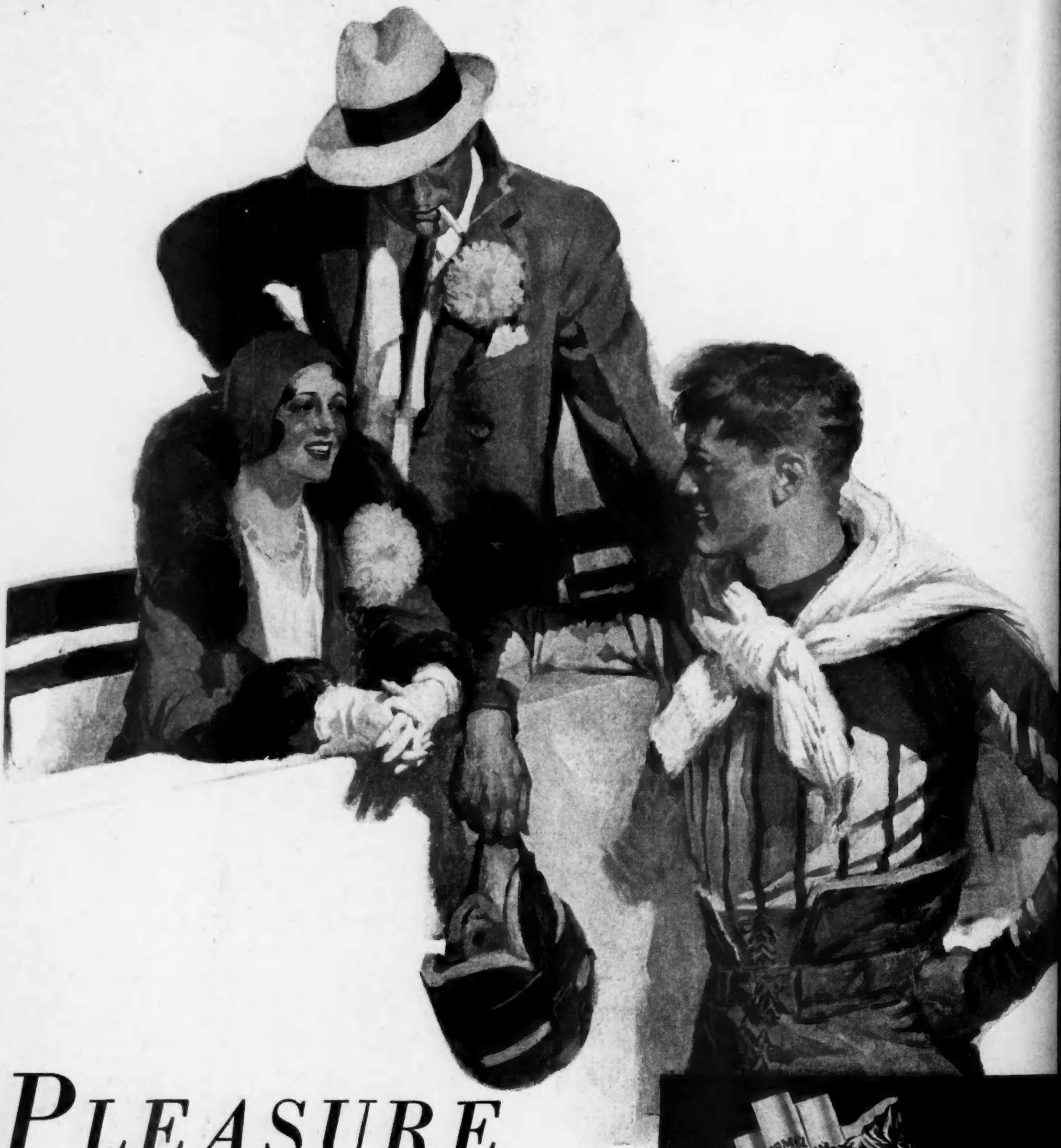
Application will be made in due course to list these bonds on the New York Stock Exchange."

**THE UNDERSIGNED OFFER THE ABOVE BONDS, SUBJECT TO PRIOR SALE, AT 99¾% AND ACCRUED INTEREST TO DATE OF DELIVERY**

The above bonds are offered if, when and as issued and received by the undersigned and subject to the approval by the Interstate Commerce Commission of the issuance and sale of the bonds and to the approval by counsel of all legal proceedings in connection with the issuance thereof. Permanent bonds will be delivered against payment in New York funds for bonds allotted.

**Kuhn, Loeb & Co.** | **The National City Company**

New York, September 11, 1930.



*PLEASURE*

is always
on your side
when you smoke

# Camels

N. C